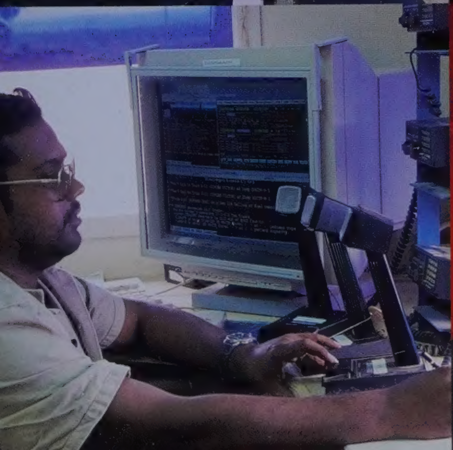


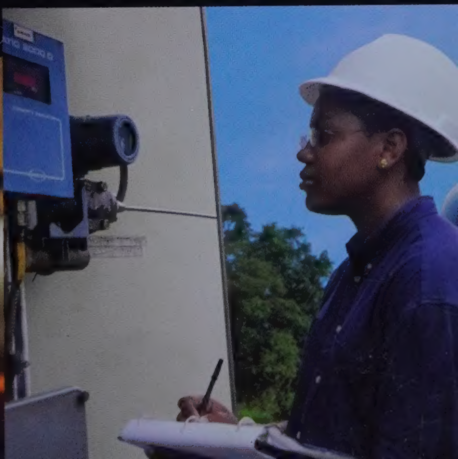




CAMBIOR

ANNUAL REPORT 1998





Cambior Inc. is an international diversified gold producer with operations, development projects and exploration activities throughout the Americas. Cambior shares trade on the Toronto, Montreal and American (AMEX) stock exchanges under the symbol "CBJ".

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This report contains certain "forward-looking statements", as defined in the United States Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Such risks and uncertainties are disclosed under the heading "Risk Factors" in Cambior's Annual Information Form (AIF) filed with the Ontario Securities Commission, the Quebec Securities Commission, the United States Securities and Exchange Commission (Form 40-F) and other regulatory authorities.

Since January 1, 1996, Cambior Inc. has reported all financial results in US dollars.

Production results are in metric units, unless otherwise indicated.

Cambior Inc. carries on business in Canada. Affiliates and associated companies of Cambior Inc. carry on business in Canada and elsewhere. In this annual report, the terms "Cambior" and "the Company" are used interchangeably and, in each case, denote a reference to one or more of Cambior Inc. and its affiliates and associated companies.

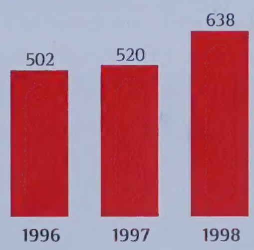
1998 Highlights

- Improved cash flow from operations; $84 million, +23%, $1.21 per share
- Acquisition of remaining 50% interest in the Doyon mine
- Record gold production of 638,000 ounces, +23%
- Reduction in direct mining costs to $233/oz ($223 in the 4th Quarter)
- Average realized gold price of $389/oz
- New $250 million Credit Facility
- Option agreement to acquire the Virgen Property
- ISO 14001 certification for Environmental Management System

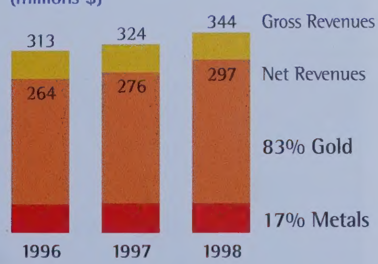
All amounts in US dollars	1998 $	1997 $	1996 $
RESULTS *(in millions $)*			
Total revenues	343.6	324.4	313.1
Net earnings before writedown	11.0	7.1	4.6
Net earnings (Net loss)	(11.5)	7.1	4.6
Cash flow from operations[1]	84.2	68.3	63.3
PER COMMON SHARE ($)			
Earnings before writedown	0.16	0.12	0.08
Earnings (Loss)	(0.16)	0.12	0.08
Cash flow from operations[1]	1.21	1.14	1.08
Weighted average number of shares (in millions)[2]	69.6	60.2	58.8
GOLD PRODUCTION			
Number of ounces (000)	638	520	502
Direct mining costs ($ per ounce)	233	255	257
Cambior's selling price ($ per ounce)	389	424	423
Market price ($ per ounce)	294	331	388
FINANCIAL POSITION *(in millions $)*			
Liquidities[3]	108	124	141
Total assets	809	765	802
Net debt	144	90	88
Shareholders' equity	550	536	548
Net debt-to-equity ratio (%)	20	14	12

[1] *Before changes in working capital items.*
[2] *As at December 31, 1998, Cambior had a total of 70.6 million common shares outstanding.*
[3] *Includes cash of $22 million and unused debt capacity of $86 million.*

Gold Production
('000 ounces)



Revenues
(millions $)



Cash Flow from Operations
(millions $)

Outlook 1999

In the context of uncertain metal markets, Cambior will focus its priorities for 1999 on improving performance at current operations, especially at Doyon and Omai.

Production of 650,000 ounces

The Doyon Division is expected to continue to improve in 1999 and contribute 260,000 ounces of gold to the overall production target of 650,000 ounces.

Cost Reductions to $215 per ounce

The objective for 1999 is to reduce direct mining costs to $215 per ounce. Direct mining costs at the Doyon Division are expected to improve to $200 per ounce. Efforts will continue to further reduce costs and the focus will be on improving the efficiency of the mining operations and securing lower supply costs.

Production

	1997	1998	Target 1999	% Net Revenues
Gold (oz)	520,000	638,000	650,000	80
Mining costs ($/oz)	255	233	215	
Zinc (tonnes)	47,500	62,200	71,200	13
Copper (tonnes)	8,600	6,900	8,100	2
Niobium (tonnes)	1,100	1,100	1,100	5

Gold Production Targets

	1999 (000 oz)	Direct Mining Cost ($/oz)
Doyon	260	200
Omai	306	240
Sleeping Giant	39	160
Bouchard-Hébert/Langlois	45	180
Total	650	215

Hedging Program

The active and successful gold hedging program is conducted to enhance revenues and protect near to medium term cash flow. As of December 31, 1998, the gold hedging program had a net position ensuring an average price of $353 per ounce on 802,000 ounces of gold over the next two years, including full coverage for 1999 at $358 per ounce. Similarly, zinc exposure has largely been hedged at 48¢/lb for 1999.

Strong Mine Cash Flow Contribution

Based on production targets and hedged prices, the mine cash flow contribution is expected to be maintained at approximately $105 million in 1999, a level similar to 1998. The base metal mine cash flow contribution is expected to improve to $20 million.

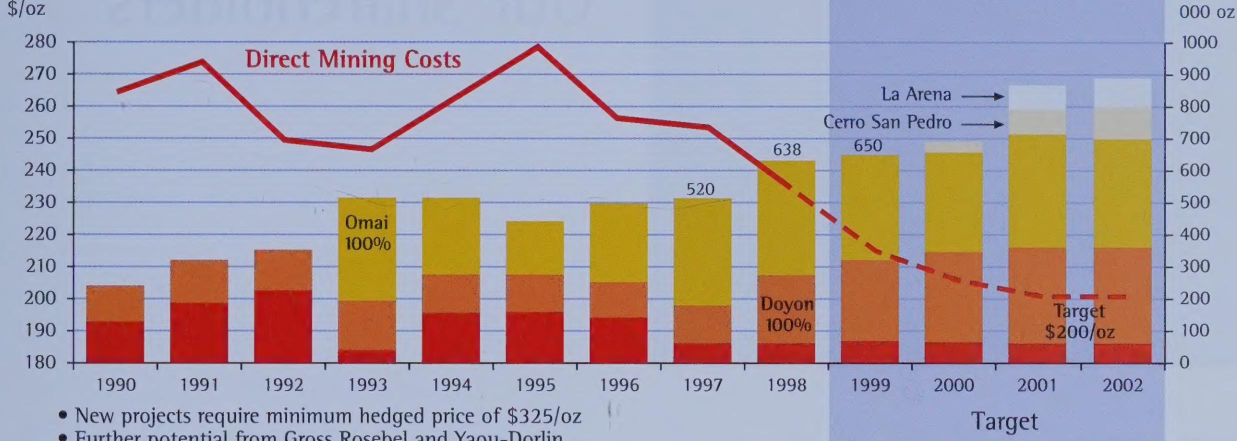
Capital Investment Program

The capital investment program for 1999 is estimated at $57 million for improvements at operations. The Doyon, Omai and Langlois mines will receive the majority of these expenditures for deferred development to gain access to ore for production in future years.

Development Projects

The feasibility studies for the Cerro San Pedro and Huamachuco projects, two low-cost heap leach gold projects, are scheduled for completion in 1999 and the year 2000, respectively. The copper projects and other development projects will remain on care and maintenance until market conditions improve.

Gold Production



- New projects require minimum hedged price of $325/oz
- Further potential from Gross Rosebel and Yaou-Dorlin

Sound Financial Position

The Company has a sound financial position as of December 31, 1998, with total liquidities of $108 million and net debt/cash flow of only 1.7. No debt repayments are scheduled until 2001.

Reserves

Gold reserves from operations at December 31, 1998, calculated at $325 per ounce, stood at 5.2 million ounces with an additional mineral resource of 1.4 million ounces. In addition, the gold development projects have mineral resources of 2.9 million ounces.

Gold Reserves from Operations
As at December 31, 1998

@ $325/oz	Tonnes (000)	Grade (g Au/t)	Ounces *in situ* (000)
Doyon	11,057	7.4	2,633
Omai	42,929	1.4	1,888
Sleeping Giant	365	12.0	140
Bouchard-Hébert	6,308	1.8	373
Langlois	6,117	0.7	142
Total reserves			5,176
Total resources (71% Doyon)			1,448

Exploration

The surface exploration expenditures target for 1999 has been set at $12 million: $5 million related to current operations and $7 million for exploration of new projects.

Health and Safety

Health and safety efforts will be intensified in 1999 with more in-depth training and rigorous enforcement of safety policies to meet the Company's objective of continual improvement.

Environment

The ISO 14001 certification process will be pursued at the Doyon and Omai mines. Certification is targeted for next year. The Company plans to implement its environmental management system and certify it at all future development projects and operations.

Guy G. Dufresne
Chairman of the Board of Directors

A Word to Our Shareholders

Difficult Market Environment

The year 1998 was very difficult for most of the mining industry, as gold and non-ferrous metal prices continued to decline in reaction to an anticipated slowdown of the world economy. Gold prices reached their lowest level since 1979. Zinc and copper prices followed downward trends and also reached historical lows. Markets appeared to have stabilized by year-end 1998 and are building a base in early 1999 in a very uncertain market environment, with forecasted improvements in the second half of the year.

Unfortunately, this very negative environment for gold and non-ferrous metals has negatively impacted capital markets and the valuation of gold mining companies. Investor interest has largely focused on the larger and more liquid senior gold producers to the detriment of intermediate producers like Cambior. After showing an increase through the first four months of 1998, the TSE Gold Index ended the year at the same level as the end of 1997. The Cambior stock price, as an intermediate size producer, performed in line with the general market.

Cambior's operations did enjoy some compensating benefits from these weak commodity markets. Canadian operations benefited from the lower Canadian dollar and the Omai mine experienced lower energy costs due to lower fuel prices.

Financial Results

In spite of the difficult market environment, we were successful, for the third consecutive year, in increasing not only our gold production and revenues, but more importantly, our cash flow per share and our earnings per share before writedowns. Revenue for the year ended December 31, 1998 totaled $344 million, an improvement of $20 million over the previous year. Cash flow from operations was $84 million or $1.21 per share for the year, a $16 million or $0.07 per share improvement over the prior year. Net earnings before writedowns also improved to $11 million or $0.16 per share as compared to $7 million or $0.12 per share in the prior year.

In light of the continuing weakness of gold prices, Cambior has recorded a non-cash charge of $24 million, $22.5 million net of taxes, in the fourth quarter of 1998, principally due to the writedown of the Metates gold-silver property ($14 million), in Mexico, and the devaluation of certain investments and assets. The net loss after this writedown was $11.5 million.

Improved Operating Performance

Gold production increased to a record of 638,000 ounces in 1998, a 23% increase over the 520,000 ounces produced in 1997 and 3% above our original target of 620,000 ounces for the year. The average direct mining cost for gold production continued to decline, averaging $223 per ounce for the fourth quarter and $233 per ounce for the year, a 9% reduction over the previous year and a 3% improvement over our original target of $240 per ounce for the year.

The improved operating performance is primarily due to the impact of the acquisition of the remaining 50% interest in the Doyon mine in January 1998, and the success of the phased improvements that were implemented as Cambior took responsibility for the operations. The Sleeping Giant mine also greatly increased its contribution with added production and lower unit costs.

Zinc production was 62,200 tonnes in 1998, as compared to 47,500 tonnes in the previous year due to a full year

Louis P. Gignac
President and Chief Executive Officer

of operations at the Langlois mine. Copper production was 6,900 tonnes and Cambior's share of production from the Niobec mine was 1,100 tonnes of niobium.

The priority for 1998 was on cost reduction and value creation at all operations and in all sectors of the Company, with benefits expected to continue into 1999 and beyond.

Investment Program

The capital investment program for 1998 included $99 million for the acquisition of the remaining 50% interest in the Doyon mine. Capital investments in mine operations amounted to $61 million with major expenditures allocated to mine deepening programs, production expansion, cost improvement projects, sustaining capital and mine exploration targeted at reserve replacement. Larger allocations were assigned to Doyon, with $26 million, and Omai, with $20 million. Capital investments of $22 million for development programs were considerably reduced from prior years and concentrated on advancing the two low-cost heap leach gold projects of Cerro San Pedro and La Arena.

Reserves and Resources

The principal economic assumptions for the estimation of mining reserves at year-end 1998 were updated with a long-term gold price assumption of $325 per ounce, as compared to $350 in 1997. Long-term prices for zinc were reduced from 60¢/lb to 55¢/lb and copper was maintained at $1.00/lb.

Additional development and definition drilling have improved proven and probable reserves at the Doyon Division to 2.6 million ounces at year-end 1998, as compared to 2.3 million ounces at year-end 1997. Reserves at the Omai mine were negatively affected by the reduced gold price assumption and are estimated at 1.9 million ounces at year-end 1998, compared to 2.5 million ounces at year-end 1997. Cambior's total mining reserves at operating properties were 5.2 million ounces at year-end 1998, while mineral resources for these properties amounted to an additional 1.4 million ounces.

In addition, Cambior has a number of advanced gold development projects with mineral resources. These advanced projects include Cerro San Pedro (50%) with 660,500 ounces, La Arena with 426,300 ounces, Gross Rosebel (50%) with 1,074,500 ounces and Yaou-Dorlin (50%) with 516,800 ounces.

Sound Financial Position

Cambior maintains a sound financial position. The five-year revolving credit facility was renegotiated in 1998 and provides us with a prudent capital structure in these challenging market conditions. Liquidities at year-end totaled $108 million and the net debt of $144 million represents a net debt-to-capital ratio of 20%. Based on the bank debt outstanding as of December 31, 1998, Cambior has no scheduled repayment of debt until the reimbursement of $34 million in 2001.

Hedging Program

Cambior continues to actively manage its hedging program and thereby reduces risk by establishing a secure base cash flow from operations in the medium term. The realized price of gold in 1998 averaged $389 per ounce for a premium of $95 per ounce over the average market price of $294 per ounce.

Réjean Gourde
Senior Vice President, Guiana Shield

Henry A. Roy
Senior Vice President, Finance and Administration, and CFO

Raynald Vézina
Senior Vice President, Canada

As of December 31, 1998, the gold hedging program had a net position ensuring an average price of $353 per ounce on 802,000 ounces of gold over the next two years, including full coverage of the gold production for 1999 at $358 per ounce. Similarly, our zinc exposure for the expected 1999 production has been largely hedged at a floor price of 48¢/lb.

1999 Priorities and Targets

Gold production for 1999 is targeted to reach a total of 650,000 ounces. More importantly, average direct mining costs are planned at $215 per ounce for 1999, an 8% reduction when compared to the $233 per ounce achieved in 1998. These improvements are largely attributable to the anticipated performance at the Doyon mine where further improvements in underground mining operations are expected, and also to continuous pressure to achieve higher productivity and reduce costs at all operations.

Cambior's base metal operations are expected to generate $20 million of operating cash flow in 1999 and provide a strong contribution in spite of low prices. The metal production targets for 1999 have been set at 71,200 tonnes of zinc, 8,100 tonnes of copper and 1,100 tonnes of niobium.

The capital investment program for 1999 has been established at $67 million, of which $57 million is assigned to expand and sustain operations principally at Doyon, Omai and Langlois. The development program has been curtailed to $10 million with the major focus on the Huamachuco (La Arena and Virgen properties) and Cerro San Pedro projects.

Strategic Outlook

Cambior's strategic direction and operational priorities are being dictated by the current state of commodity prices and the weakness of the mining sector. The focus for the near term remains to complete the investment and improvement programs at the Doyon Division to reach our objective of producing at a level of 300,000 ounces per year within two years. This will involve expanding production on level 10 and initiating production on a new mining horizon on level 12 at the Doyon mine, and also sinking an internal shaft at the Mouska mine to access the high-grade Zone 50 at depth.

The Omai mine has passed its peak production level and will be managed to reduce costs and to define additional soft rock reserves with a view to maintaining a production level of 300,000 ounces per year over the near term.

Increased production at a lower unit cost is expected from the Sleeping Giant mine and improved financial returns are planned at the Langlois mine due to higher zinc grades over time as Zone 97 enters the production plan in the year 2000.

Jean Boissonnault
Vice President, Exploration

Pierre D. Chenard
Vice President, Corporate Development and General Counsel

Robert Ménard
Vice President, Projects and Construction

Gérald H. Veillette
Vice President, USA and Mexico

The development programs have been seriously curtailed in response to the weak market conditions. Investments will focus on the advancement of our two low-cost heap leach gold projects, Cerro San Pedro and Huamachuco.

In spite of the poor market conditions and reduced realized gold prices in 1999, Cambior intends to remain profitable in 1999 and manage its activities prudently. Cost control and focus on immediate value creation has enabled us to survive and be profitable at the low end of the price cycle. By putting most of our development projects on care and maintenance, we have focused our capital expenditures on our operating mines to ensure sustainable and increasing operating cash flow. These capital programs will be greatly reduced in 2000 and 2001, which will enable us to meet our debt obligations even if we have to suffer low metal prices for the duration of our debt repayment. When market conditions improve, Cambior will have an impressive inventory of projects ready for development.

Health, Safety and Environment

We have always accorded a strong importance to health and safety in the workplace and the responsible management of social and environmental issues.

Due to major efforts in training and upgrading procedures and standards at all operations, we have achieved improvements at many of our operations but have not realized targeted improvements in our safety performance. We are reviewing our approach and management system to reaffirm our priority to work safety and to enforce our "zero tolerance" principle with regard to hazardous practices and poor work habits, while maintaining our training programs and continuous communications with the workers on work safety.

Cambior is especially proud that its environmental management system has been awarded the prestigious ISO 14001 certification. Cambior is the first mining company in Canada and the first gold mining company in the world to achieve this certification for its environmental management systems. With the exception of the Doyon mine (which was wholly acquired by Cambior in early 1998), all Canadian entities were certified under ISO 14001 standards in 1998. The process is being pursued at the Doyon mine and at the Company's subsidiary, Omai Gold Mines Limited in Guyana, and certification is targeted for next year. It is our objective to implement our environmental management system and certify it under the ISO 14001 standards at all future development projects and operations.

Employee Appreciation

These are challenging times for Cambior and we are especially appreciative of the efforts and support of our dedicated employees. It is their commitment and hard work that helped us surpass our objectives in 1998. The year 1999 appears just as challenging and the support of our employees will be solicited again in order to meet and exceed our targets.

Mr. Gilles Mercure, Chairman of the Board since 1986, stepped down as Chairman of the Company in 1998, but remains an active member of the Board. We would like to thank Mr. Mercure for his years of invaluable service and look forward to his continuing contributions.

Guy Dufresne

Guy G. Dufresne
Chairman of the Board of Directors

Louis P. Gignac

Louis P. Gignac
President and Chief Executive Officer

January 27, 1999

Denis Aubin
Vice President, Treasurer

Normand Bédard
Vice President, Human Resources

Marcel Lalonde
Vice President, Control

François Barron
Corporate Secretary


DOYON DIVISION
SLEEPING GIANT
BOUCHARD-HÉBERT
LANGLOIS
NIOBEC
CARLOTA
CERRO SAN PEDRO
OMAI
GROSS ROSEBEL
YAOU-DORLIN
LA GRANJA
HUAMACHUCO
EL PACHÓN
Operations
Development Projects

Operational Review

(Cambior's share)

	1998	1997
GOLD PRODUCTION STATISTICS		
Omai (100%) *(ounces)*	327,500	338,500
Direct mining costs ($/oz)	239	245
Doyon *(ounces)*[1]	239,600	110,500
Direct mining costs ($/oz)	226	291
Sleeping Giant (50%) *(ounces)*	35,700	24,800
Direct mining costs ($/oz)	187	254
Bouchard-Hébert/Langlois *(ounces)*[2]	35,000	36,500
Direct mining costs ($/oz – pro rata)	262	227
Chimo and Silidor *(ounces)*[3]	–	9,700
Total Gold Production *(ounces)*	637,800	520,000
Direct mining costs ($/oz)	233	255

	1998	1997
GOLD PRODUCTION COSTS		
Direct mining cost ($/oz)	233	255
Smelting, refining, transportation ($/oz)	3	5
By-product credits ($/oz)	(1)	(1)
Cash operating cost ($/oz)	235[4]	259
Royalties ($/oz)	8	11
Total cash cost ($/oz)	243[4]	270
Depreciation ($/oz)	83	82
Reclamation ($/oz)	2	3
Total production cost ($/oz)	328	355

	1998	1997
ZINC PRODUCTION STATISTICS		
Zinc (t) in concentrate		
Bouchard-Hébert	36,900	32,100
Langlois[5]	25,300	15,400
Total zinc (t) in concentrate	62,200	47,500

	1998	1997
COPPER PRODUCTION STATISTICS		
Copper (t) in concentrate		
Bouchard-Hébert	5,800	7,900
Langlois[5]	1,000	700
Total copper (t) in concentrate	6,800	8,600

	1998	1997
FERRONIOBIUM PRODUCTION STATISTICS		
Niobec (50%) – (tonnes Nb)	1,100	1,100

CONVERSION TABLE

Metric system		Imperial system
1 metre (m)	=	3.2808 feet (ft)
1 kilometre (km)	=	0.6214 mile (mi)
1 square kilometre (km^2)	=	0.3861 square mile (mi^2)
1 gram (g)	=	0.0322 troy ounce (oz)
1 kilogram (kg)	=	2.2046 pounds (lb)
1 tonne (t)	=	1.1023 tons (t)
1 gram/tonne (g/t)	=	0.0292 ounce/ton (oz/t)

SYMBOLS USED

Ag	=	silver
Au	=	gold
Cu	=	copper
FeNb	=	ferroniobium (or ferrocolumbium)
Nb_2O_5	=	niobium pentoxide
Zn	=	zinc

[1] *Doyon includes the acquisition of Barrick's interest in the Doyon mine for 1998 and the consolidation of the Mouska mine.*

[2] *Gold and silver produced at Bouchard-Hébert and Langlois are reported in gold equivalent.*

[3] *Due to depletion of reserves, mining activities ceased in 1997 at the Silidor and Chimo mines.*

[4] *The mine cash flow for the base metals provided $13.3M in the year representing $21 per ounce produced. Net of this credit, the cash operating cost represents $214 per ounce and the total cash cost represents $222 per ounce.*

[5] *Production at the Langlois mine was suspended in December 1996 to modify the underground mining method in certain sectors of the deposit and due to the weakness of the zinc market. Operations were restarted in July 1997. The operations were temporarily interrupted in November 1998 to repair the main ore pass.*

Mining Reserves and Mineral Resources

(Cambior's share)

	December 31, 1998 @ $325/oz			December 31,1997 @ $350/oz		
GOLD OPERATIONS[1]	Tonnes (000)	Grade g Au/t	Ounces *in situ*	Tonnes (000)	Grade g Au/t	Ounces *in situ*
Doyon (100%)[2]						
Proven and probable reserves	11,057	7.4	2,632,800	10,534	6.9	2,344,000
Mineral resources	8,202	3.9	1,031,600	4,669	4.7	708,000
Omai (100%)						
Proven and probable reserves	42,929	1.4	1,888,000	54,129	1.4	2,519,000
Mineral resources	6,731	1.5	327,000	–	–	–
Sleeping Giant (50%)						
Proven and probable reserves	365	12.0	140,500	287	11.9	110,000
Mineral resources	232	8.7	65,100	43	8.6	12,000
Bouchard-Hébert (100%)[3]						
Proven and probable reserves	6,308	1.8	373,200	8,120	1.8	472,000
Mineral resources	212	1.9	12,900	–	–	–
Langlois (100%)[3]						
Proven and probable reserves	6,117	0.7	142,100	6,179	0.7	134,000
Mineral resources	830	0.4	11,200	836	0.4	11,000
Total gold operations						
Proven and probable reserves			5,176,600			5,579,000
Mineral resources			1,447,800			731,000

GOLD PROJECTS	Tonnes (000)	Grade g Au/t	Ounces *in situ*	Tonnes (000)	Grade g Au/t	Ounces *in situ*
Cerro San Pedro (50%)[3, 4, 5]						
Mineral resources	21,400	1.0	660,500	27,900	0.9	844,000
Gross Rosebel (50%)[5, 6]						
Mineral resources	20,675	1.6	1,074,500	17,646	1.8	996,000
Huamachuco (100%)						
La Arena						
Mineral resources	13,740	1.0	426,300	16,097	1.1	580,000
Virgen						
Mineral resources	3,938	1.9	246,000	–	–	–
Yaou-Dorlin (50%)						
Mineral resources	8,244	1.9	516,800	8,414	1.9	518,000
Total gold projects						
Mineral resources			2,924,100			2,938,000

[1] *Mining reserve and mineral resource estimates were calculated using a long-term gold price assumption of $325/oz in 1998 compared to $350/oz in 1997. Silver prices used were $5/oz in 1998 compared to $6/oz in 1997. The 1998 mineral resources are measured and indicated.*

[2] *Including reserves and resources from the Mouska mine.*

[3] *Gold equivalent: ratio 1 g Au/t for 65 g Ag/t.*

[4] *Cambior must invest $20 million to retain its 50% interest.*

[5] *Reclassification at December 31, 1998 of the 1997 mining reserves as mineral resources.*

[6] *Despite the revised calculation of the resources at $325/oz in 1998, the resources have increased compared to 1997 due to a revision of the economic parameters.*

(Cambior's share)

BASE METALS[1] AND MINERALS	December 31, 1998 Tonnes (000)	Grade	Zinc in situ Tonnes (000)	Copper in situ Tonnes (000)	December 31, 1997 Tonnes (000)	Grade
Bouchard-Hébert (100%)						
Proven and probable reserves	6,308	4.37% Zn, 0.75% Cu 38.5 g Ag/t, 1.3 g Au/t	276	47	8,120	4.13% Zn, 0.79% Cu 40.3 g Ag/t, 1.2 g Au/t
Mineral resources	212	1.76% Zn, 2.83% Cu 53.2 g Ag/t, 1.1 g Au/t	4	6	–	–
Langlois (100%)						
Proven and probable reserves	6,117	8.99% Zn, 0.51% Cu 40.7 g Ag/t, 0.1 g Au/t	550	31	6,179	8.72% Zn, 0.52% Cu 40.2 g Ag/t, 0.1 g Au/t
Mineral resources	830	6.08% Zn, 0.32% Cu 20.8 g Ag/t, 0.1 g Au/t	50	3	836	5.88% Zn, 0.31% Cu 21.9 g Ag/t, 0.1 g Au/t
Niobec (50%)						
Proven and probable reserves	5,273	0.73% Nb_2O_5			5,692	0.73% Nb_2O_5
Total operations						
Proven and probable reserves			826	78		
Mineral resources			54	9		
PROJECTS						
Carlota (100%)						
Proven and probable reserves	95,854	0.44% Cu		467	95,854	0.44% Cu
El Pachón (50%)						
Proven and probable reserves	439,706	0.62% Cu		2,713	439,706	0.62% Cu
La Granja (100%)						
Proven and probable reserves	2,295,000	0.59% Cu		13,500	2,295,000	0.59% Cu
Total projects						
Proven and probable reserves				16,680		

[1] *Mining reserve and mineral resource estimations were based on long-term prices for zinc of 55¢/lb in 1998 and 60¢/lb in 1997; the long-term copper price was maintained at $1.00/lb.*

MINING RESERVES

The portion of a mineral resource likely to be mined legally and economically given current mining technology, and given precise economic conditions deemed to be considered reasonable at the moment of estimation and to which a dilution factor has been applied in accordance with the operator's experience or knowledge of the deposit. Project viability must be demonstrated with a feasibility study.

Proven Ore: Material for which tonnage is computed from dimensions revealed in outcrops, trenches, underground workings or drill holes and for which the grade is computed from the results of adequate sampling. Sites used for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are so well established that the computed tonnage and grade are judged to be accurate within defined limits.

Probable Ore: Material for which tonnage and grade are computed partly from specific measurements, samples or production data, and partly from projection for a reasonable distance on geological evidence. Sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade precisely.

MINERAL RESOURCES

Mineralization for which tonnage and grades of elements of interest are known by drilling and sampling without the economic and engineering knowledge necessary to demonstrate economic viability.

Measured Resources: Material for which tonnage is computed from dimensions revealed in outcrops or trenches or drill holes, and for which the grade is computed from the results of adequate sampling. The size, shape and grade of the ore zones are established from a tight and regular drilling pattern. The parameters used for estimation are not submitted through a feasibility study but are adapted from similar deposits and are considered reasonable within existing market conditions.

Indicated Resources: Mineralization for which continuity is demonstrated by drilling and sampling done on a regular but relatively widely spaced fashion. The parameters used for estimation are not submitted through a feasibility study but are adapted from similar deposits and are considered reasonable within existing market conditions.

Inferred Resources: Material for which quantitative estimates are based largely on broad knowledge of the geological character of the deposit and for which there are few, if any, samples or measurements. Estimates are based on an assumed continuity or repetition for which there are reasonable geological indications, which may include comparison with deposits of similar type.

Markets

Gold

In 1998, Cambior produced 638,000 ounces of gold, which represented 83% of net revenues after transformation charges and 87% of cash flow from operations.

Gold markets traded during 1998 mostly within the range of $290 to $300 per ounce, reaching a low of $273 per ounce on August 28, 1998, the lowest since 1979. The gold price was back to the $290 level by year end and had seemingly established a base for improvement in 1999. The gold market was affected by the strong US dollar, the uncertainty of central bank selling and weak demand from Asian countries. The average annual price of $294 per ounce was 11% lower than in 1997.

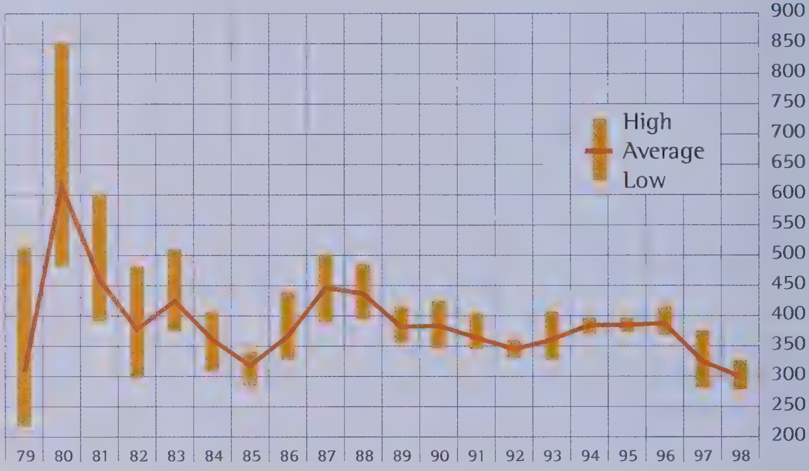
Improvements are expected in 1999 by most specialists due to the introduction of the Euro, the anticipated impact of the European Central Bank and improvements in some Asian markets.

To enhance revenues and protect near to medium term cash flow, the Company conducts an active gold hedging program. The program has been successful, generating an average premium of $57 per ounce over the last ten years.

In 1998, the gold hedging program generated an average realized price of $389 per ounce for a premium of $95 per ounce over the average market price of $294 per ounce. The gold hedging program provided over $60 million in additional revenues in total in 1998.

London Gold PM Fix History

($/oz – 1979-1998)



Gold Hedging Premium

($/oz)

Average premium over 10 years: $57/oz

GOLD HEDGING PROGRAM

	1999	2000	Total
Forward position (ounces)	633,357	168,287	801,644
Average price ($/oz)	330	314	326
Deferred gain ($/oz)	28	22	27
Total ($/oz)	358	336	353

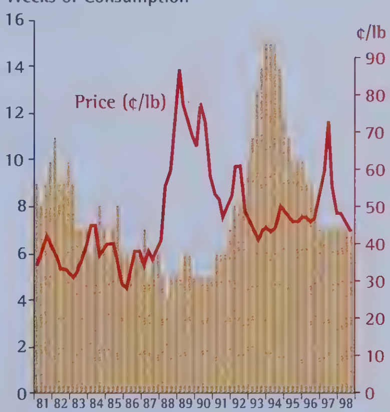
As of December 31, 1998, the gold hedging program had a net position ensuring an average price of $353 per ounce on 802,000 ounces of gold over the next two years, including full coverage of the anticipated gold production for 1999 at $358 per ounce. This realized price will be achieved with the benefit of the hedge positions on the forward sale of gold production and the amortization of deferred earnings generated by the conversion of gold loan hedge positions.

Gains were realized by the conversion of the gold loans into dollar loans during 1997 and 1998. An amount of $13 million has been recorded in the 1998 results and the balance of $37.6 million will be included in the results as follows: $17.8 million in 1999, $14.1 million in 2000 and $5.7 million in 2001. For the year 2000, the table reflects the average deferred gain amortized over the forecasted ounces. In addition to these commitments, the amounts of $10.4 million in 2000 and $5.7 million in 2001 remain available.

In addition, a total of 4.0 million ounces are subject to call options sold at an average price of $348 per ounce over a period of four years. If exercised, these options can normally be rolled over and/or converted into spot deferred contracts.

Zinc

Western World Zinc Prices and Inventories

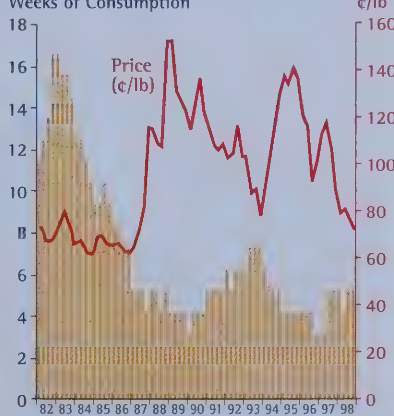


Zinc revenues represent 10% of Cambior's net revenues. The LME zinc price opened the year at 49¢/lb and prices decreased to reach a low of 42¢/lb on December 31. The fundamentals for zinc are quite favourable at only 7 weeks of inventory, but zinc was dragged down by the general downward pressure on global commodity prices. Over the year, zinc averaged 46¢/lb, down 22% from 60¢/lb in 1997. For 1999, Western World supply and demand indicate a modest shortfall and zinc prices could improve if the market returns to a more fundamental approach. Cambior has hedged the anticipated 1999 production for Langlois and approximately half of the Bouchard-Hébert production at 48¢/lb.

Copper

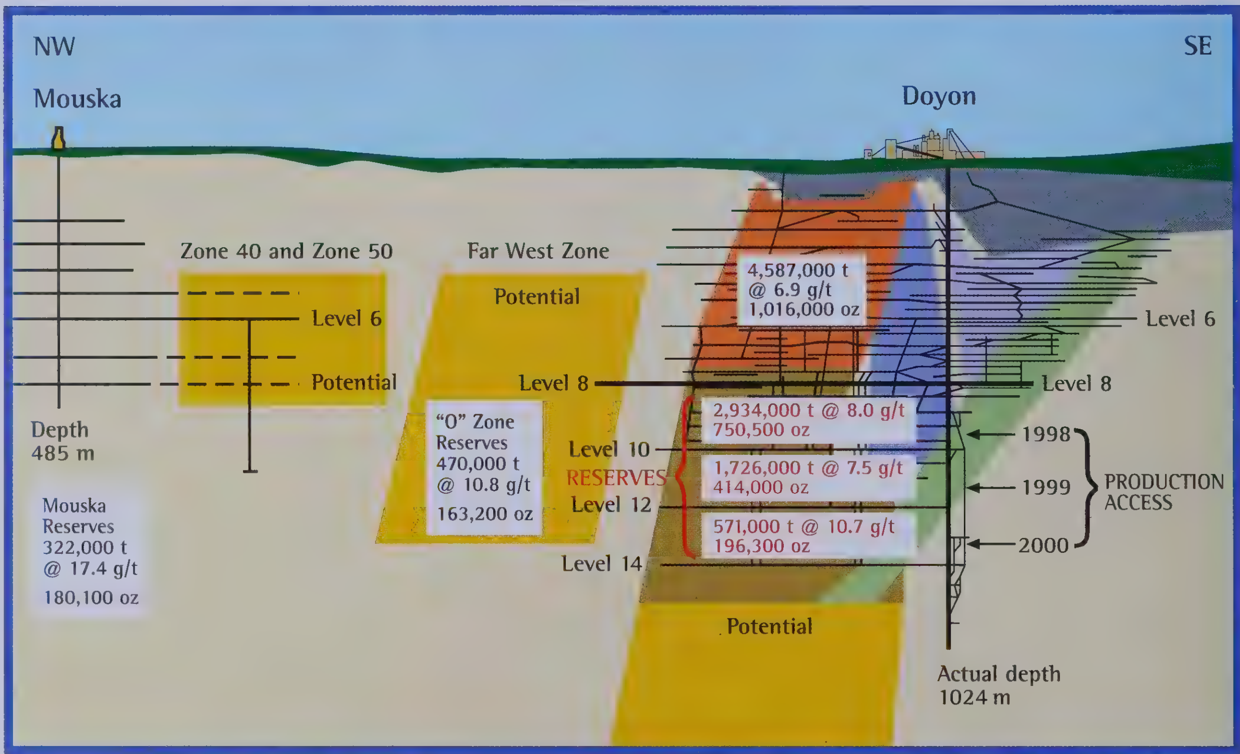
Copper revenues represent 2% of Cambior's net revenues. Copper prices on the LME in 1998 generally declined. Prices ranged from a high of 85.3¢/lb in April to a low of 65.2¢/lb in late December. The average price over the year was 75.0¢/lb, down from $1.03 in 1997. Copper prices began to weaken in early July, when the copper market showed signs that it was entering into a period of heavy surplus with shipments from recently built mines. The negative sentiment towards copper and other base metals increased in the fourth quarter as the economic and financial problems in Southeast Asia continued and concern grew over the potential impact of this situation on metal consumption.

Western World Copper Prices and Inventories



Copper prices in 1999 could recover from their 1998 lows due to mine closures and deferral in new production due to current prices.

Doyon



The Doyon Division, located on the prolific Cadillac Fault in northwestern Quebec, is comprised of the Doyon and Mouska underground gold mines. It is the most important core asset of Cambior and one of the largest gold producers in Canada.

Doyon Acquisition

In early 1998, Cambior purchased Barrick Gold's 50% interest in the Doyon mine. The acquisition, effective January 1, 1998, was for a cash purchase price consideration of $95 million, which was paid in three payments during 1998.

The acquisition was of strategic importance as Cambior now owns 100% of the Doyon mine and has become the operator. This has also permitted the consolidation of the Doyon and Mouska properties with considerable benefits from synergies of regional human resources and operating and technical experience. Further benefits may accrue from the potential to increase ore reserves, especially in the extensions at depth of known zones and the possibility of discovering new zones to the west of the mine through additional exploration and definition drilling.

The Doyon Division has the potential to increase production to a level of 300,000 ounces per year and to reduce direct mining costs to $180 per ounce in two years.

1998 Review

During 1998, significant improvements were achieved. The mill processed 1.3 million tonnes of ore grading 5.8 g Au/t to produce 239,600 ounces of gold, a 117% increase for Cambior over the previous year. Direct mining costs decreased to $226 per ounce for 1998, a 22% reduction compared to $291 per ounce for 1997.

In comparison, the Division produced 126,500 ounces (an annual rate of 253,000 ounces) at a direct mining cost of $209 per ounce for the second half of the year.

Capital expenditures in 1998 totaled $26 million, including $7.9 million for deferred development and $1.0 million for exploration. At

Doyon, 1,700 metres of drifts were excavated to prepare levels 10 and 12 for mining. The ventilation shaft to the west of Doyon was completed during the third quarter and required an investment of $1.4 million during 1998.

Improved results at the Doyon Division are due to operating changes implemented by Cambior since the beginning of the year, including: the integration of the Mouska mine with the Doyon mine; higher efficiencies; and the positive impact of the accelerated development program. The integration of Mouska with Doyon is expected to generate over $2 million in annual savings.

The main accomplishments for the year were the increase of ore available for stoping from 380,000 tonnes to 804,000 tonnes and the increase of mill throughput from 1.2 million tonnes to 1.3 million tonnes.

The paste fill plant was commissioned in late September and will allow the reduction of dilution in the West Zone. Production on level 10 began in September and improved the availability of higher-grade stopes starting in the fourth quarter.

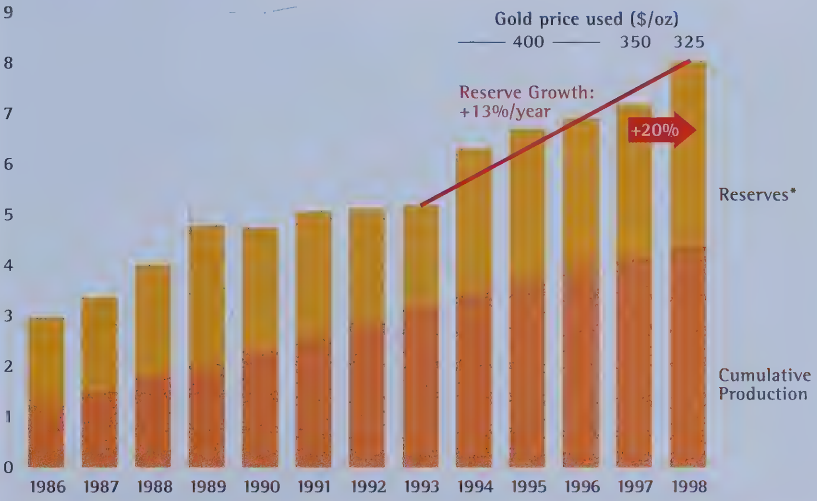
Exploration and Reserves

The exploration program during 1998 included 4,900 metres drilled at Doyon to confirm the gold potential in the Far West Zone and 17,100 metres at Mouska to explore the extension of Zone 50 and the Authier prospect.

The 1998 definition drilling program was successful in upgrading ore from the mineral resource category to the mining reserve category and significantly increasing the amount of mineral resources. Current reserves at the Doyon Division stand at 11.1 million tonnes @ 7.4 g Au/t representing 2.6 million ounces of gold *in situ*, a 12% increase in ounces over the previous year.

Doyon Division (100%) Cumulative Production and Reserves

(Ounces of gold in millions)



*Includes resources beginning in 1997

	1997 (50%)	1998 (100%)	Target 1999 (100%)
Production (oz Au)	110,500	239,600	260,000
Tonnage milled (000 t)	695	1,327	1,330
Grade milled (g Au/t)	4.8	5.8	6.4
Recovery (%)	95	96	96
Direct mining cost ($ per tonne milled)	46	41	39
Direct mining cost ($ per ounce)	291	226	200
Depreciation ($ per ounce)	65	76	78
Total production cost ($ per ounce)	364	308	282

Reserves: 11.1 million tonnes @ 7.4 g Au/t; 2.6 million ounces of gold *in situ*

Resources: 8.2 million tonnes @ 3.9 g Au/t; 1.0 million ounces of gold *in situ*

The Doyon mine as seen from the Mouska mine

Current resources stand at 8.2 million tonnes grading 3.9 g Au/t representing 1.0 million ounces *in situ*, a 46% increase in ounces over the previous year.

Reserves under level 8, which are becoming available for production, show a higher average grade than the reserves above level 8. The average reserve grade above level 8 is 6.9 g Au/t and below level 8 is 8.1 g Au/t. The Doyon Division has an excellent history of reserve replacement and growth.

1999 Outlook

In 1999, the Doyon Division is expected to mill 1,330,000 tonnes grading 6.4 g Au/t to produce 260,000 ounces of gold at an average direct mining cost of $200 per ounce. The increase in production is due mainly to an anticipated 10% increase in grade. The increase in grade can be attributed to the availability of stopes below level 8, reduced dilution and less feed required from the low-grade stockpile.

In 1999, 80% of the ore milled from the Doyon mine is scheduled to come from above level 8, 15% from levels 8 to 10 and 5% from below level 10. The 1999 mine program schedules 17,000 metres of development, including 9,300 metres for stope preparation and 7,700 metres of deferred development. The Mouska mine is expected to provide 86,400 tonnes grading 16.8 g Au/t to produce 43,700 ounces of gold.

Further improvements are expected as levels 12 and 14 at Doyon become available for production during 1999 and the year 2000, and as more selective mining methods are introduced.

Capital expenditures for 1999 for the Doyon Division are targeted at $25 million, including $12 million for deferred development, $5 million for the sinking of an internal shaft at Mouska and $2 million for surface and underground exploration.

The mine program for 1999 will introduce selective mining methods, particularly in the West Zone where paste fill is available. The focus for 1999 will be to optimize the mill throughput, reduce dilution and improve the grade milled.

The definition drilling program for Doyon includes 41,000 metres to confirm the extension of known zones. Access to level 12 will permit drilling down to level 14. The goal of the program will be to increase mining reserves and mineral resources during the year.

The 1999 Mouska mine program includes 700 metres of stope development and 1,200 metres of deferred development. A new drift to the south on level 6 will permit the establishment of a diamond drilling base to explore the Authier Zone and high potential corridors to the east.

Exploration drilling efforts will be intensified starting in 1999. At Doyon, an exploration drilling program of 8,000 metres, including 4,500 metres from surface, will target the property west of the mine along the North and South corridors and the Mooshla B prospect.

At Mouska, the exploration program includes 3,200 metres of exploration drilling from surface and 15,600 metres of underground exploration drilling.

Omai

The Omai open pit gold mine is located in central Guyana. Due to the financing structure of Omai Gold Mines Limited (OGML), Cambior reports 100% of the mine production.

1998 Review

The Omai mine performed well in 1998 with the mill averaging a throughput of 21,100 tonnes per day and processing 73% hard rock for the year, as compared to 20,000 tonnes per day and 63% hard rock in 1997. The mill processed a total of 7,706,000 tonnes of ore grading 1.44 g Au/t. The mine achieved record throughput for both total ore processed and the percentage of hard rock processed.

Total production for the year was 327,500 ounces of gold. As anticipated, the ore mined from the Fennell and Wenot pits, grading 1.50 g Au/t, provided only 89% of the mill feed. The remainder of the mill feed was supplied from the low-grade stockpiles at a grade of 0.85 g Au/t.

The operating cost per tonne milled was $10.18 for 1998, a 10% reduction over the previous year. The direct mining cost per ounce was reduced from $245 in 1997 to $239 in 1998 and to $228 in the fourth quarter. The cost improvements in 1998 were due to improved mine and mill efficiencies, decreased fuel and maintenance costs and decreased consumption of reagents.

Capital expenditures for 1998 totaled $19.7 million including $6.9 million for mine equipment, $1.6 million for exploration, and $5.9 million for deferred stripping.

	1997	1998	Target 1999
Production (oz Au)	338,500	327,500	306,000
Tonnage milled (000 t)	7,349	7,706	7,443
Throughput (tpd)	20,100	21,100	20,400
Grade milled (g Au/t)	1.54	1.44	1.37
Recovery (%)	93	92	93
Direct mining cost ($ per tonne milled)	11.29	10.18	9.90
Direct mining cost ($ per ounce)	245	239	240
Depreciation ($ per ounce)	91	94	100
Total production cost ($ per ounce)[1]	355	351	358

1. The Government of Guyana receives a 5% royalty in kind.

Reserves: 42.9 million tonnes @ 1.4 g Au/t; 1.9 million ounces of gold *in situ*

Resources: 6.7 million tonnes @ 1.5 g Au/t; 327,000 ounces of gold *in situ*

Exploration and Reserves

The exploration program at Omai in 1998 focused on the Quartz Hill and Omai River concessions located adjacent to the Omai mine and targeted the extension of the mineralized lenses of the Wenot deposit.

During the year, the drill program included 128 holes totaling 8,400 metres, including 18 holes (1,100 metres) on the Omai concession, 63 holes (4,800 metres) on Quartz Hill, and 7 holes (300 metres) on Omai River.

Significant gold mineralization was identified in the Northern part of the Quartz Hill property. Extensive fence drilling on the northern flank of the Quartz Hill ridge intersected zones of primary gold mineralization, which could be indicative of the primary source of the gold present in the transported mineralized laterite, where resources of 350,000 tonnes at 1.3 g Au/t were identified.

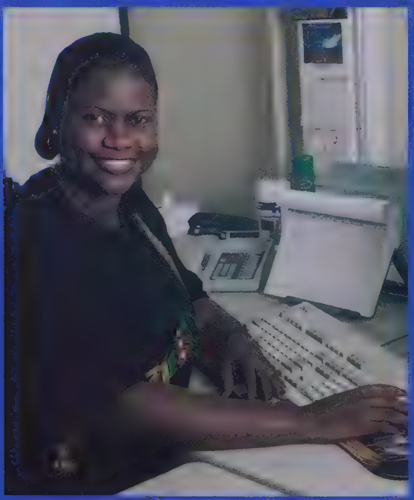
In 1998, OGML announced that an agreement had been reached for the exploration and development of the Eagle Mountain property, located 45 kilometres southwest of the Omai mine and previously owned by Golden Star Resources Ltd. OGML earned a 100% interest by paying $80,000 to Golden Star, and advancing approximately $3.2 million to Golden Star as a non interest bearing loan to be repaid through the normal redemption of the Class I Preference Shares in OGML owed to Golden Star. OGML must fund 100% of exploration and feasibility costs. Golden Star also retains a 1.5% NSR royalty upon achievement of commercial production and

$1 million at the end of each year of commercial production for a period of five years.

OGML is managing the exploration program at Eagle Mountain and during the fourth quarter of 1998, completed 20 diamond drill holes (1,100 metres). Most of the holes intersected gold mineralization. Interpretation of the 1998 drilling data and updating of the 3-D model will be done in early 1999.

Early in 1998, OGML completed 20 diamond drill holes (1,100 metres) to test the strike extensions and the saprolite portion of the Hicks deposit, located 35 kilometres northwest of Omai and owned by Cathedral Gold. Following the completion of this program OGML decided not to exercise its option on the Hicks property.

Mining reserves were revised at the end of the year. Geological models were adjusted for the Fennell and Wenot deposits based on experience gained during recent mining and additional definition drilling. Reserves were calculated based on a gold price of $325 per ounce. Current reserves at Omai stand at 42.9 million tonnes grading 1.4 g Au/t representing 1.9 million ounces of gold *in situ*. The decrease in reserves reflects the ounces produced and ounces lost due to the effect of the gold price on the pit design and adjustments to the block models.



1999 Outlook

For 1999, the Omai mine is scheduled to process 7,443,000 tonnes of ore grading 1.37 g Au/t with a recovery rate of 93%. The mine is expected to produce 306,000 ounces of gold.

The plan for the year is to maximize hard rock throughput. The throughput at the mill is targeted to average approximately 20,400 tonnes per day (13,600 tonnes of hard rock and 6,800 tonnes of soft rock).

The Fennell pit is expected to supply 45% of the mill feed while the Wenot pit should supply 38% of the feed. Some 1,232,000 tonnes of soft rock will be reclaimed from the low-grade stockpiles to complement the soft rock feed.

In order to meet the 1999 mill feed requirement, 28.6 million tonnes of material will be mined and 1.2 million tonnes will be rehandled from the stockpile for a total of 29.8 million tonnes moved. The stripping ratio will remain high at 3.6 for 1999 compared to 1.9 for the mine life. A deferred development account will be used in 1999 and the year 2000 and will be amortized in later years when the stripping ratio will be below average.

The cost per tonne milled is expected to improve to $9.90 and direct mining costs are estimated at $240 per ounce of gold for 1999. The improvements in costs per tonne are due to an anticipated reduction in power generation costs due to lower fuel prices and continued improvements in efficiencies.

The new Oracle-based management system, developed and implemented in 1998, will provide the mine with better tools to effectively manage its inventory and maintenance systems and allow further efficiencies and cost improvements in 1999.

Capital expenditures for 1999 are expected to amount to $15.0 million, including $8.1 million for deferred stripping, $2.5 million for on-going construction on the tailings dams, $2.0 million for equipment replacement and $1.0 million for exploration.

The exploration program for 1999 will focus on the Quartz Hill and Eagle Mountain properties.

Dismissal of Class Action

During the third quarter, Cambior obtained a dismissal of Quebec class action proceedings in connection with the 1995 Omai tailings dam failure in Guyana. Efforts to resolve all remaining claims in Guyana are continuing.

Sleeping Giant

The Sleeping Giant mine, located in northwestern Quebec, is a high-grade vein-type underground gold producer managed by Cambior in a joint venture with Aurizon Mines Ltd. (50%).

In 1998, Cambior's share of production from the mine was 35,700 ounces of gold, a 43% increase over the previous year. The increase in production is due to a higher tonnage and head grade milled. The average grade milled for the year was 12.0 g Au/t compared to 10.8 g Au/t milled in 1997. The higher head grade and the increased tonnage milled also had positive effects on the direct mining cost, as the cost per ounce was reduced by 26%, from $254 in 1997 to $187 in 1998.

During the year, Cambior's share of capital expenditures totaled $780,000. The program included $360,000 of deferred development and $320,000 for exploration.

The underground and surface exploration program included 20,600 metres of drilling to extend Zone 3, to define Zone 30 and to find new zones. The exploration program undertaken during the year permitted the renewal and growth of reserves. Cambior's share of mining reserves stands at 365,000 tonnes at 12.0 g Au/t, representing 140,500 ounces *in situ*. The Sleeping Giant mine has an excellent history of reserve replacement.

Sleeping Giant (50%) Cumulative Production and Reserves
(Ounces of Gold)

1999 Outlook

For 1999, the Sleeping Giant mine is expected to process a total of 209,000 tonnes at an average grade of 12.5 g Au/t. Cambior's share of production is targeted at 39,000 ounces of gold at an estimated direct mining cost of $160 per ounce.

During 1999, a new mining method, sub-level stoping, will be tested in appropriate sectors of the orebody. This method is expected to improve the overall productivity compared to the shrinkage mining method.

Cambior's share of capital expenditures for 1999 is budgeted at $2.0 million. This program will include $600,000 for deferred development, $580,000 for improvements to the mill and $480,000 for exploration.

At the mill, the worn out filtration circuit will be replaced by a carbon-in-leach (CIL) circuit.

The 1999 exploration program will focus on verifying the extension of lenses in the north and south sectors. Over 42,000 metres of exploration and definition drilling is scheduled to be completed during the year.

50%	1997	1998	Target 1999
Production (oz Au)	24,800	35,700	39,000
Tonnage milled (t)	74,000	95,900	104,500
Grade milled (g Au/t)	10.8	12.0	12.5
Recovery (%)	97	97	97
Direct mining cost ($ per ounce)	254	187	160
Depreciation ($ per ounce)	49	34	41
Total production cost ($ per ounce)	310	222	206

Reserves: 365,000 tonnes @ 12.0 g Au/t; 140,500 ounces of gold *in situ*

Resources: 232,000 tonnes @ 8.7 g Au/t; 65,100 ounces of gold *in situ*

Bouchard-Hébert

The Bouchard-Hébert mine, located in northwestern Quebec, is an important underground polymetallic mine producing zinc concentrate and copper concentrate containing payable gold and silver.

In 1998, the mill processed an average of 2,800 tonnes per day for a total of 1,022,000 tonnes milled during the year. The average head grade for zinc was 4.2% compared to 3.9% in the previous year. Due to the increased zinc grade and a slight increase in the tonnage milled, the mine produced 36,900 tonnes of zinc in concentrate, a 15% increase over the previous year. The mine also produced 5,800 tonnes of copper in concentrate and 31,800 ounces of gold equivalent.

As a result of lower zinc prices, 46¢ per pound in 1998 compared to 60¢ per pound in 1997, the Net Smelter Return (NSR) decreased in 1998 to $31 per tonne from $39 per tonne in 1997. Direct mining costs were reduced to $22 per tonne in 1998, resulting in an operating cash flow contribution of $9 per tonne for the year.

During 1998, capital expenditures totaled $4.8 million, including $2.0 million for buildings and equipment, $1.0 million for the exploration program and $800,000 for deferred development. Work was done during the year to augment the ventilation capacity for the mine.

In 1998, 13,500 metres of exploration drilling were completed, including 5,200 metres of surface drilling to increase the geological knowledge of the property and 8,300 metres of underground drilling to explore at depth. Reserves at Bouchard-Hébert currently stand at 6.3 million tonnes with an average grade of 4.37% Zn, 0.75% Cu, 1.3 g Au/t and 38.5 g Ag/t.

	1997	1998	Target 1999
Tonnage milled (000 t)	1,005	1,022	1,051
Zinc grade (%)	3.9	4.2	4.3
Zinc recovery (%)	82	85	87
Production (in conc.)			
Zn (t)	32,100	36,900	39,100
Cu (t)	7,900	5,800	6,900
Au equiv (oz)	34,600	31,800	40,000
NSR Revenue ($/t)	39	31	36
Direct mining costs ($/t)	23	22	22
Depreciation ($/t)	5	6	8

Reserves: 6.3 million tonnes @ 4.37% Zn, 0.75% Cu, 1.3 g Au/t, 38.5 g Ag/t

Resources: 212,000 tonnes @ 1.76% Zn, 2.83% Cu, 1.1 g Au/t, 53.2 g Ag/t

1999 Outlook

For 1999, the Bouchard-Hébert mine is expected to process 1,051,000 tonnes at higher head grades of 4.3% Zn, 0.8% Cu, 1.6 g Au/t and 48.6 g Ag/t. Production is targeted at 39,100 tonnes of zinc in concentrate, 6,900 tonnes of copper in concentrate and 40,000 ounces of gold equivalent with a direct mining cost of $22 per tonne. The NSR is expected to increase with the anticipated increase in head grades.

The mine program includes over 4,000 metres of development, of which 1,100 metres will be deferred and the remainder will be for the preparation of stopes to be mined during the year.

Capital expenditures for 1999 are budgeted at $3.0 million, including $1.1 million to be spent on deferred development, $1.0 million on buildings and equipment and $900,000 on exploration.

The exploration program scheduled for 1999 totals 15,400 metres of diamond drilling, including 6,550 metres of surface drilling and 8,850 metres of underground drilling. The exploration program is designed to target the possible continuity of the zone at depth and potential parallel lenses. Geological and geophysics work is scheduled to identify potential targets on adjacent properties during the year.

Langlois

The Langlois mine, located in northwestern Quebec, is an underground zinc mine with copper, silver and gold by-products.

During 1998, the Langlois mine processed 415,000 tonnes of ore at 6.5% zinc, an increase over the previous year's tonnage since the mine was only in operation for six months in 1997 due to low zinc prices and the modification of the mining method. The new mining method, sub-level stoping, which was introduced when the mine reopened in July 1997, helped to reduce dilution and improve profitability. However, the tonnage milled was lower than originally anticipated due to a one-month mill shutdown during the fourth quarter of 1998 to stabilize the main ore pass at lower levels. Milling resumed in December.

For the year, the mine produced 25,300 tonnes of zinc in concentrate and 1,000 tonnes of copper in concentrate.

The Net Smelter Return (NSR) decreased slightly over the previous year to $35 per tonne due to a lower realized zinc price. The direct mining cost was $31 per tonne resulting in an operating cash contribution of $4 per tonne.

During 1998, capital expenditures totaled $4.2 million, including $3.6 million of deferred development and $300,000 for exploration.

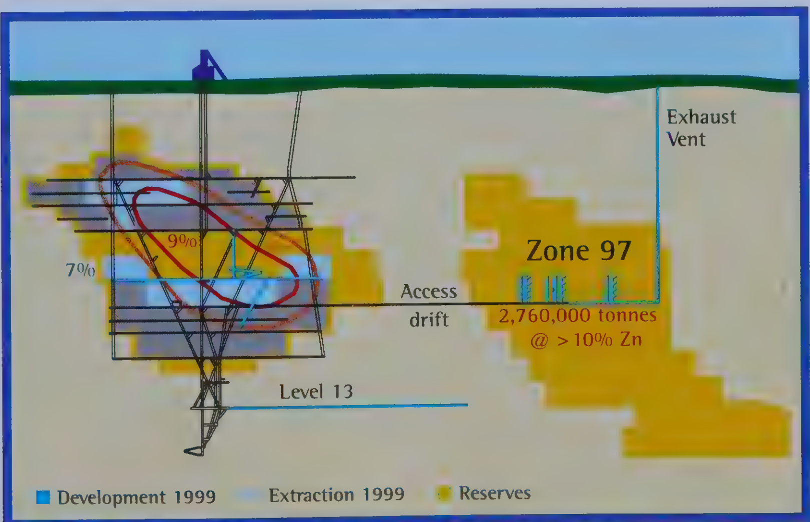
The 1998 exploration and definition program included 4,800 metres of drilling to test the extensions of the known zones and to define Zone 97. A one kilometre drift towards Zone 97 was developed to establish a drilling base to define reserves in this higher grade zone (>10% Zn). To date, 20% of the definition drilling has been completed and has resulted in an increase in grade.

Reserves at the Langlois mine currently stand at 6.1 million tonnes with an average grade of 9.0% Zn, 0.5% Cu, 40.7 g Ag/t and 0.1 g Au/t. The reserves, at the end of 1998, were updated using a long-term zinc price of 55¢/lb compared to 60¢/lb in 1997. The copper price was maintained at $1.00/lb. Tonnages milled in 1998 were not completely

	1997 (6 months)	1998	Target 1999
Tonnage milled (000 t)	261	415	425
Zinc grade (%)	6.4	6.5	8.0
Zinc recovery (%)	93	93	94
Production (in conc.)			
Zn (t)	15,400	25,300	32,100
Cu (t)	700	1,000	1,200
NSR Revenue ($/t)	36	35	44
Direct mining costs ($/t)	30	31	33
Depreciation ($/t)	12	12	15

Reserves: 6.1 million tonnes @ 9.0% Zn, 0.5% Cu, 40.7 g Ag/t, 0.1 g Au/t

Resources: 830,000 tonnes @ 6.1% Zn, 0.3% Cu, 20.8 g Ag/t, 0.1 g Au/t



replaced by definition drilling during the year, however the zinc reserve grade increased by 3% over the previous year. The improvement is due to the increased grade in Zone 97 following definition drilling carried out during the year.

1999 Outlook

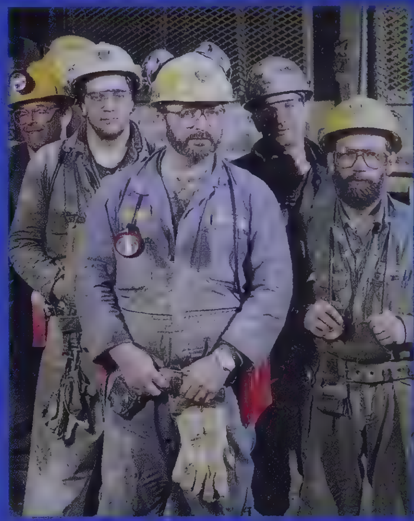
For 1999, the Langlois mine is expected to process 425,000 tonnes at 8.0% Zn, 0.4% Cu, 29.6 g Ag/t and 0.1 g Au/t resulting in the production of 32,100 tonnes of zinc in concentrate and 1,200 tonnes of copper in concentrate. Direct mining costs are targeted at $33 per tonne.

The mining plan calls for continuing improvements in grade in the near term and accelerated access to the higher-grade Zone 97. The zinc grade is expected to improve to the reserve grade, 9.0% Zn, by 2001. For 1999, the plan includes 7,800 metres of development, including 2,200 metres for stope preparation and 5,600 metres of deferred development mostly in Zone 97.

Capital expenditures for 1999 are budgeted at $11.1 million, including $8.5 million for deferred development, $200,000 for exploration and $2.4 million for buildings and equipment, of which $1.7 million will be required to construct a satellite paste fill plant to provide fill to Zone 97 beginning in the year 2000.

The exploration and definition drilling program for 1999 will include 5,500 metres of underground drilling to further define Zone 97 and 800 metres of surface drilling to explore Zone 5 at depth.

Niobec



The Niobec mine, located in north-eastern Quebec, is the only producer of niobium in North America and one of only a few in the world. The underground mine is operated by Teck Corporation (50%) and Cambior is responsible for the marketing of the ferroniobium.

In 1998, the Niobec mine processed a total of 819,000 tonnes with a grade of 0.69% Nb_2O_5. The pyrochlore was then converted into ferroniobium using the converter installed in 1995. Cambior's share of production was 1,091 tonnes of niobium in ferroniobium.

Cambior's share of capital expenditures at Niobec totaled $3.1 million, including $2.8 million to develop the lower Block 3. The work to access Block 3 included shaft deepening and the development of underground infrastucture, including a ramp.

1999 Outlook

Production in 1999 is expected to reach levels similar to last year, with Cambior's share of production targeted at 1,089 tonnes of niobium in ferroniobium. During 1999, 90% of production will come from Blocks 1 and 2. Block 3 will enter into production in the third quarter.

The mine plan calls for 1,900 metres of development, including 1,200 metres of deferred development and 650 metres to bring Block 3 into production.

Cambior's share of capital expenditures for 1999 is budgeted at $1.6 million including $800,000 for Block 3, $300,000 for other deferred development and $500,000 for equipment.

50%	1997	1998	Target 1999
Tonnage milled (000 t)	416	409	410
Grade milled (% Nb_2O_5)	0.68	0.69	0.72
Mill recovery (%)	58	58	57
Nb_2O_5 (t)	1,639	1,643	1,657
Converter recovery (%)	96	97	96
Production (t Nb)	1,095	1,091	1,089

Reserves: 5.3 million tonnes @ 0.73% Nb_2O_5

Development

GOLD

Cerro San Pedro

The Cerro San Pedro gold and silver project, located in the state of San Luis Potosí in Central Mexico, is owned by the operating company, Minera San Xavier, a 50% owned subsidiary of both Cambior and Metallica Resources Inc. To date, Cambior has invested $14.9 million in the project.

The Cerro San Pedro project is expected to be a low-cost open pit heap leach operation with low capital requirements.

Cambior's share of current mineral resources stands at 21.4 million tonnes grading 1.0 g Au eq./t representing 660,500 ounces of gold equivalent *in situ*.

The revised feasibility study is being developed based on a processing rate of eight million tonnes per year with expected recoveries of 70% for gold and 50% for silver. Annual production could attain 100,000 ounces of gold and 2.8 million ounces of silver, or approximately 150,000 gold equivalent ounces with estimated mining costs of approximately $200 per ounce of gold. The capital program is estimated at $55 million on a going-forward basis.

The Environmental Impact Statement for the Cerro San Pedro project was submitted to the Mexican Federal authorities in October 1997. Since that time the permitting process has included a public hearing in March 1998 and a technical review of the permit documents by the University of San Luis Potosí as mandated by the State government. The Federal agency is expected to approve the project in early 1999.

The project will require the relocation of the La Zapatilla village with a total population of fewer than 100 inhabitants to a new community to be constructed nearby to make room for the construction of the leach pad. In addition, some twenty-four families living in the Cerro de San Pedro village adjacent to the proposed pit have been offered to be relocated to new housing on the other edge of the village.

The village of Cerro de San Pedro has two churches that date back to the Spaniards. The Company has committed to restore both churches and preserve historic structures of the village. As part of that commitment, the Company will also develop social assistance programs for the nearby communities in an effort to provide them with long-term benefits beyond the life of the project.

1998 Review

During 1998, Cambior invested $12.5 million on the project. Work in 1998 aimed at reducing capital costs with the introduction of a used crushing plant and an optimized site layout. Extensive metallurgical testing was conducted. The main focus was the completion of the permitting process as well as the purchase of all required surface and water rights.

A core drilling program was carried out during the second half of 1998. In total 5,200 metres of drilling were completed, including 1,426 metres of surface drilling and 3,820 metres of underground drilling. Surface core drilling was performed to test undefined sectors of the deposit. The aim of the underground program was to drill test in the Barreno Hill area, and to collect metallurgical samples and confirm grade estimates in sparsely-drilled areas.

1999 Outlook

Work on revising the feasibility study will continue during the first half of 1999. Subject to a favourable feasibility study, the granting of all required permits and improving gold markets, construction could begin in the second half of 1999.

Huamachuco

Located in northern Peru, the Huamachuco project (La Arena – Virgen) is a promising open pit, heap leachable gold project.

Capital expenditures on the project during 1998 totaled $3.8 million, including $2.7 million for an exploration and definition drilling campaign designed to look for additional resources around the La Arena orebody. During the year, 51 holes, totaling 9,000 metres were completed on the La Arena property for a total of 112 holes, totaling 20,700 metres.

Late in 1998, Cambior agreed with Gitennes Exploration Inc. to acquire a 100% interest in Compañia Minera Kori Pampa, the beneficial owner of mineral rights to 23 concessions, the most important being the nine concessions containing the Virgen deposit, located adjacent to the La Arena property. As part of the agreement, Cambior has agreed to pay $7 million plus participation payments based on mine production once production exceeds 400,000 ounces from the Virgen property.

The Virgen acquisition is a strategic move to acquire a very promising property, located 10 kilometres from the La Arena orebody. The Virgen deposit contains resources currently estimated at 3.9 million tonnes grading 1.9 g Au/t, representing 246,000 ounces of gold *in situ*. The La Arena orebody contains a drill-defined near-surface disseminated gold deposit with resources currently standing at 13.7 million tonnes grading 1.0 g Au/t, representing 426,300 ounces of gold *in situ*. Both properties have excellent gold exploration potential.

1999 Outlook

Capital expenditures in 1999 are estimated to be $6.4 million and include the first purchase payment for the Virgen property and drilling work on the La Arena and Virgen deposits.

The 1999 program aims at executing a definition drilling program on the Virgen orebody (1,375 metres of underground drilling and 3,960 metres of surface drilling) and reconnaissance drilling on the La Arena gold-copper porphyry (600 metres of surface drilling).

The definition drilling program will permit the confirmation of the resource previously identified by the former owner and possibly add to the resources. Mine planning, metallurgical testing, plant design and geotechnical studies will be conducted in order to prepare the feasibility study for the Huamachuco project, which is scheduled for the year 2000.

Archaeological and environmental baseline studies will also be conducted on both the La Arena and Virgen properties.

Gross Rosebel

Gross Rosebel is an advanced development gold project located in central Suriname. The project, which is mineable by open pit, is a joint venture between Cambior and Golden Star Resources.

A feasibility study and an environmental impact study presented to the Government of Suriname in 1997, were reviewed and accepted as adequate by the

Government and their outside consultants during the first quarter of 1998.

Cambior's share of capital expenditures on the project during 1998 totaled $680,000. Work during the year included metallurgical testing and revision of the feasibility study. The revised study indicates that a gold price of $350 per ounce is required to provide an adequate return.

The revised feasibility study is based on a milling rate of 16,000 tonnes per day and average gold production of 265,000 ounces per year with peak production of 280,000 ounces per year. Mine operating costs are estimated at $205 per ounce and construction costs are $163 million.

Cambior's share of current mineral resources at Gross Rosebel stand at 20.7 million tonnes grading 1.6 g Au/t representing 1.1 million ounces of gold *in situ*.

Despite the revised calculation of resources at $325 per ounce in 1998 compared to $350 per ounce in 1997, the resources have increased due to improved economic parameters.

1999 Outlook

In the current context of low gold prices, the project will remain on care and maintenance for the year or until gold prices improve.

Cambior's share of capital expenditures is expected to be $400,000 in 1999. Work during the year will include environmental monitoring and a scoping study to analyze the impact of heap leaching technology based on the metallurgical tests completed in 1998.

Yaou-Dorlin

The Yaou and Dorlin gold properties, located in south-western French Guiana, are separated by approximately 40 kilometres. They are both mineable by open pit.

Early in 1999, Cambior acquired Cambiex Exploration's 15% indirect interest in the properties and now holds a 50% interest. The remaining 50% is held by Guyanor Ressources, a subsidiary of Golden Star Resources.

Cambior's share of capital expenditures for 1998 was $1.3 million. Both properties were put on care and maintenance as of the second half of 1998, taking into account the very low gold price. Many geochemical anomalies remain untested on the Dorlin property as the 1998 drilling program was cancelled.

Metallurgical tests done to evaluate the heap leaching potential indicated that good recoveries could be achieved in saprolite while recoveries in transition rock and hard rock would be uneconomically low.

Cambior's share of current mineral resources stands at 8.2 million tonnes grading 1.9 g Au/t, representing 517,000 ounces of gold *in situ*.

1999 Outlook

Cambior's share of capital expenditures for 1999 is expected to be approximately $600,000. The activities in 1999 will include environmental monitoring and the preparation of a "mémoire technique" and a "notice d'impact" which will be included as part of the request for a mining concession to be filed in early 1999.

COPPER

Carlota

The Carlota copper project, located in the state of Arizona in the United States, has current mining reserves of 95.9 million tonnes grading 0.44% Cu, representing 467,000 tonnes of copper *in situ*.

With a capital cost estimated at $100 million, the Carlota project would be mined by open pit and would be processed by heap leaching and SX-EW (solvent extraction and electrowinning) with annual production estimated at 35,000 tonnes of copper cathodes per year and mining costs below 50¢ per pound of copper.

Litigation by project opponents against the U.S. Forest Service for granting permits to allow construction of the Carlota copper project continued throughout 1998. A litigation schedule was approved by the Court whereby all parties have agreed that the matter will be disposed of upon Motions for Summary Judgement. All motions are scheduled to be filed by the end of February, 1999. The Court's decision is expected during the second half of the year.

Due to permitting and litigation delays, activities at Carlota were minimal during 1998. The primary engineering effort during the year was related to obtaining the permits-to-construct for the leach pad embankments. The project received the Federal permits necessary to start construction on the project during 1998.

Capital expenditures for the year totaled $400,000.

1999 Outlook

In view of the current legal situation, only preliminary construction activities are anticipated during 1999.

Capital expenditures for the year are estimated to be $1.4 million and will be spent predominantly on land payments, environmental bond fees and legal defense.

El Pachón

The El Pachón project, located in Argentina near the border with Chile, is a major copper deposit managed by Cambior in a joint venture with Compañia Minera San José (50%). The project has current mining reserves estimated at 880 million tonnes grading 0.62% Cu, representing 12 billion pounds of copper *in situ*. The deposit also includes recoverable molydenum and precious metals.

The project is minable by open pit with anticipated mill capacity of 100,000 tonnes per day and production of 250,000 tonnes of copper per year. The capital cost is estimated at $900 million and construction, which would take approximately 42 months, is pending improved copper markets, and project financing.

Work in 1998 included the presentation and approval of an Environmental Impact Study for the infrastructure in Chile and the filing of a feasibility study in Argentina in order to obtain the tax stability regime. The project now has environmental permits in both Argentina and Chile. Cambior's share of capital expenditures in 1998, totaled $540,000.

1999 Outlook

Cambior's share of capital expenditures in 1999 is budgeted at $660,000 and work will focus mainly on the maintenance of mining and surface rights, land purchase and lobbying for the ratification of the Mining Integration Treaty between Argentina and Chile.

Cambior will also work to complete negotiation with the Los Pelambres project for the exchange of land rights and shared facilities, including a port.

La Granja

The La Granja copper project, one of the largest copper deposits in the world, is located in northern Peru in the Andean Mountains. Current mining reserves stand at 2.3 billion tonnes grading 0.59% Cu, representing nearly 30 billion pounds of copper *in situ*.

The feasibility study filed with the Peruvian authorities was based on open pit mining and an anticipated mill capacity of 130,000 tonnes per day and production of 250,000 to 300,000 tonnes of copper per year. The capital cost is estimated at $1.3 billion for the mine or $2.2 billion for the fully-integrated mine and smelter/refinery. The project was reengineered in 1998 to allow development in phases, focusing first on open pit mining and leaching/SX-EW operations on secondary mineralization of the deposit.

Work during 1998 included land acquisition, environmental monitoring and assistance to families affected by the El Niño phenomenon. Capital expenditures for the year totaled $2.3 million.

1999 Outlook

Capital expenditures for 1999 are targeted to be $2 million. The main objective for the year is to complete metallurgical studies on the alternative of copper production through leaching and SX-EW of the higher grade portion of the secondary mineralization. Of the stated mining reserves, 540 million tonnes grading 0.65% Cu could be amenable to the SX-EW process. Should the leaching alternative prove feasible, the project capital requirements could be considerably reduced at start-up as the project would focus on an initial phase based on high grade ore with a low stripping ratio.

Care and maintenance, environmental monitoring of the La Granja, Los Bravos and Bayovar sites and land purchase will continue during the year.

Cambior is actively exploring in Canada, the United States, Mexico, Peru and French Guiana. Surface exploration expenditures in 1998 amounted to $12 million, of which $7.5 million was for exploration on new projects. For 1999, the budget for the same activities has been set at $12 million, including $7 million for exploration of new projects.

Canada

Most of the grassroots exploration activities in 1998 were centred on the Grand Nord project, a joint venture with SOQUEM and Virginia Gold Mines. A preliminary prospecting program was undertaken to follow-up geochemical anomalies indicated by a 1997 lake-bottom sampling program that covered a large area in northern Quebec. Interesting values in gold, base metals and uranium were obtained. Additional work will be carried out in 1999.

As a continuing effort to find additional resources, several drill programs, totaling 20,600 metres, were carried out on the properties surrounding the operating mines. Encouraging results were obtained at the Doyon Division and the Sleeping Giant mine.

United States

Located in north-central Nevada, the Rock Creek gold project was the object of surface geological mapping and structural analyses. The program was designed to follow up results from reverse circulation drilling previously done by Cambior. In 1999, an 1,800-metre drill program is planned.

1999 exploration program, including exploration on operating properties

The Livengood gold property is located north of Fairbanks, Alaska. The project consists of a large land position within an historic placer district. Although no lode production has been recorded, numerous near-surface drill intercepts generated by previous operators, rock chip sampling done by Cambior and a large open-ended gold-in-soil anomaly provide strong evidence of significant lode potential. Exploration activities in 1999 will focus on target definition, utilizing mechanized auger soil sampling, float sampling, detailed mapping and trenching.

Ten holes drilled on the Borealis property in Nevada did not yield results sufficient enough to maintain the option.

Mexico

Exploration activities were pursued on several gold projects in Mexico including, most notably, the Santo Tomas and the Santo Niño projects.

The Santo Tomas project, in Zacatecas, lies about 10 kilometres

southwest of the San Nicolas massive sulphide discovery and is underlain by the same rhyolitic volcanics that host the San Nicolas deposit. Cambior initiated geophysical work late in the year with the goal of defining drill targets for 1999.

The Santo Niño project, located in Chihuahua, is characterized by a volcanic-hosted epithermal gold system analogous to the El Sauzal project as defined by reconnaissance mapping and rock chip sampling. Additional geology and geochemistry, as well as a first program of diamond drilling, is planned for 1999.

Twelve reverse circulation holes were drilled on the Los Japoneses gold property. The results were similar to those returned in 1997. The project appears to host significant quantities of largely sub-economic grade gold mineralization. The possibility of delineating a mineable orebody is believed to be low and the option contracts were terminated.

Ecuador

Cambior drilled an additional 12 holes on the La Plata massive sulphide deposit and has earned a 51% interest in the project, with Zappa Resources holding the remaining interest. A preliminary resource has been estimated at 840,000 tonnes @ 4.8 g Au/t, 54 g Ag/t, 4.1% Cu, 0.7% Pb and 4.2% Zn. The massive sulphide lense has an average thickness of 6.2 metres. At this time no work is planned for 1999 as Cambior waits for better investment conditions and more clearly-defined mining laws.

Peru

Exploration efforts in 1998 were concentrated in the Huamachuco area, in the vicinity of the La Arena gold deposit and on properties adjacent to the La Granja copper deposit.

In the Huamachuco area, Cambior controls over 45,000 hectares including the Virgen property, located adjacent to La Arena, which was acquired at year end. Exploration crews outlined seven gold geochemical anomalies in 1998 that will be drilled in 1999, as well as the La Florida property, north of the Virgen property, where the last hole of the 1998 program cut 44 metres at 1.0 g Au/t.

In the La Granja area, Cambior controls some 42,000 hectares and has partly explored this land position. Surface geochemical and geological work identified and outlined five large geochemical anomalies, including one porphyry copper anomaly that is similar to the one overlying the La Granja deposit and two volcanic-hosted epithermal gold systems that have produced good gold values (1.0 – 2.0 g Au/t). Geochemical and geological surveys will continue with a preliminary drill program on some of the anomalies outlined last year.

Guiana Shield

At the Tortue gold project in French Guiana, 20 trenches totaling 1,400 metres were dug and 23 holes totaling 1,600 metres were drilled with encouraging results. The soil geochemical anomalies stretch over a distance of eight kilometres and only a small section has been investigated. Metallurgical testing suggests the amenability of the mineralization to heap leaching. The mineralization is hosted in metasediments, mainly debris flow and conglomerates. Additional trenching and drilling are planned for 1999.

Cambior also successfully negotiated an option agreement with Cogema to acquire a 50% interest in the Maripa property adjacent to Tortue. Fourteen trenches totaling 1,100 metres defined significant primary gold mineralization over a distance of 1,500 metres at the northwest extension of Tortue.

Early in 1999, Cambior agreed to grant to Cambiex Exploration the option to acquire a 50% undivided interest in the Tortue and Maripa properties. Cambiex must incur exploration and development expenditures totaling $1.5 million over a two-year period.

Environment, Social, Health and Safety

ISO 14001

Clearly the most significant environmental achievement for Cambior during 1998 was the completion of the certification process of its environmental management system (EMS) for the ISO 14001 standard. Known as the "green standard", ISO 14001 provides a methodology for companies to develop or adapt an EMS to ensure that all environment-related activities and procedures are consistent and effective and will achieve their stated objectives. It also operates on the basis that the Company will strive for continuous improvement in all of its systems.

Cambior is the first mining company in Canada and the first gold mining company in the world to achieve ISO 14001 certification.

ISO 14001 is an outgrowth of the more widely known ISO 9000 process and was developed by the same organization, the International Organization for Standardization, based in Switzerland.

Cambior embarked on the ISO 14001 certification in 1997, following the adoption of a new Corporate environmental policy as a means of ensuring that all of its environmental programs and procedures would attain the highest standards. Since that time, all of Cambior's Canadian entities, with the exception of the Doyon mine, which was acquired by Cambior earlier in the year, have adapted their EMS consistent with the required standards. The process is being pursued at the Doyon mine and at the Company's subsidiary, Omai Gold Mines Limited in Guyana, and certification is targeted for next year. It is Cambior's objective to implement its EMS and certify it under the ISO 14001 standards at all future development projects and operations.

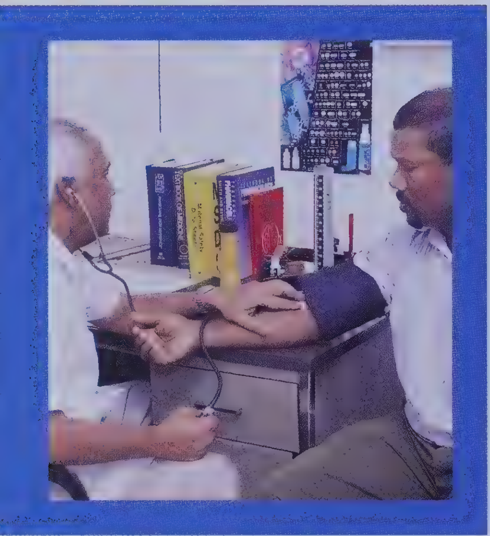
Environment

Cambior continued to operate its mining and exploration activities during 1998 in accordance with the terms of various permits. Monitoring of effluents indicated that the Company achieved 99.9% compliance at its Canadian operations and 100% compliance at Omai.

At Omai, an aquatic life monitoring program for the Omai and Essequibo rivers, established by the faculty of Natural Sciences at the University of Guyana, revealed both a greater number and variety of species than previously sampled.

At Solbec, Quebec, the reclaimed tailings pond of an abandoned mining site inherited by Cambior in 1987 through the acquisition of another company, continues to be a success story. The pond has been neutralized and converted into a 120-hectare lake that is increasingly home to a wide variety of wildlife. Discharges from the pond have been in full compliance with government standards for several years and Cambior has embarked on a joint venture with Ducks Unlimited, an internationally recognized wildfowl preservation group, which will build breeding facilities around the lake. Cambior has committed

Serge Vézina and Gail Amyot accept Cambior's ISO 14001 certification from Bruno Delorme of SGS International Certification Services Canada Inc.



Cdn $120,000 toward the three phases of the project, which will see the construction of the breeding facilities, and of nature trails and signage designed to draw students and the public to the site.

At the Cerro San Pedro project in Mexico, Cambior and its partner have reviewed all environmental and social aspects of the project. Plans include preservation of all protected plant species and the construction of a botanical garden to enhance the economic potential of the area as well as the protection of the local historic church located adjacent to the mine site. Throughout the development process, the partners have maintained a policy of full disclosure of plans and have met regularly with local residents to keep them current on the project. As well, the University of San Luis Potosí, well-known for its geological and metallurgical engineering facilities, has conducted a thorough review of the environmental impact study and submitted it to the Federal agency responsible for the project.

Community Relations

Cambior and its subsidiaries are committed to supporting the communities in which they have development projects or mining operations. In northern Quebec, Cambior provides temporary positions for local high school, college and university students in both administrative and mining operations and, at the Langlois mine, it has worked closely with the local aboriginal residents to ensure employment opportunities. As well, the Company actively supports local medical, sports and community associations.

At Omai, more than $3 million was invested in 1998 to improve the local highway which serves both the mine and local residents. Additionally, the Company provided equipment including computers, fax machines and emergency breathing apparatus to civil protection agencies and books and teaching materials to local schools. Residents of neighbouring communities as well as employees may also use the medical clinic located at the mine site and are targeted periodically with outreach clinics.

Health and Safety

1998 was a challenging year in the area of safety for Cambior's Canadian operations as the lost-time accident frequency record remained above target, due in no small measure to two fatal accidents: one in January at the Langlois Mine, the other in November at the Bouchard-Hébert mine. In 1998, the lost-time accident frequency rate at Canadian operations was 4.0 per 200,000 working hours, an improvement from the 4.1 accidents per 200,000 hours reported in 1997. At Omai, the lost-time accident frequency was 1.0 accidents per 200,000 working hours compared to the 1997 level of 0.64 accident per 200,000 hours.

Cambior has stepped up its training programs for all employees in the area of safety with the total number of hours in 1998 increasing by more than 60%. As well, the Company has hired a Corporate health and safety manager with responsibility for all Canadian operations and retained the services of a consulting firm to examine all safety procedures. Parallel efforts are being put in place at Omai in order to reduce its accident frequency.

At the close of the year, a new Corporate policy on health and safety was presented to the Board of Directors and is being distributed and explained to all employees. As well, during 1999, more training courses will be required for supervisory employees, and safety policies will be more rigorously enforced, consistent with the Company's objective of continual improvement.

Cambior conducts on-going audits of all factors that may impact employee health. These factors include oil mist and diesel fuel emissions in underground mines, as well as exposure to hazardous materials with known health-effects. All mining employees receive regular physical examinations.

Five Year Annual Review 1994–1998

Years ended December 31 *(unaudited)* *(all amounts in US dollars)*[1]	1998	1997	1996	1995	1994
KEY FINANCIAL DATA *(in thousands)*					
Total revenues	343,593	324,366	313,124	252,484	224,328
Net revenues	297,901	275,765	263,911	229,399	220,695
Mining expenses	187,688	169,969	171,931	150,643	146,784
Depreciation	63,191	50,443	54,422	35,376	39,635
Administrative expenses	5,906	6,959	5,943	5,409	4,993
Exploration expenses	7,948	12,832	9,791	12,096	8,547
Financial expenses	9,896	11,115	8,431	7,590	5,094
Net earnings before writedown and incident	11,032	7,070	4,626	6,137	14,053
Writedown of mining assets / Omai incident	24,495	–	–	19,087	12,254
Net earnings (loss)	(11,456)	7,070	4,626	(6,567)	1,799
Cash flow from operations[2]	84,183	68,328	63,346	45,046	53,434
Dividends	3,520	6,256	6,201	5,203	5,040
Investments	188,135	101,611	114,403	168,712	113,102
Total assets	808,888	764,792	802,411	710,625	633,177
Cash	22,018	51,214	111,364	62,537	98,051
Net working capital	18,625	20,090	27,892	5,835	29,074
Total debt[3]	166,467	141,397	199,446	202,141	155,824
Net debt[3]	144,449	90,183	88,082	139,604	57,773
Shareholders' equity	549,535	536,279	547,819	434,500	416,185
Net debt / capital	20%	14%	12%	23%	10%
Weighted average shares outstanding (millions)	69.6	60.2	58.8	50.4	49.0
Shares outstanding at year end (millions)	70.6	60.2	60.1	52.0	49.0
KEY PER SHARE DATA *(dollars)*					
Earnings before writedown and incident	0.16	0.12	0.08	0.12	0.29
Earnings (Loss)	(0.16)	0.12	0.08	(0.13)	0.04
Cash flow from operations[2]	1.21	1.14	1.08	0.89	1.09
Dividends	0.05	0.10	0.10	0.10	0.10
Shareholders' equity	7.79	8.91	9.11	8.35	8.49
KEY PRODUCTION DATA					
Production (oz Au)	637,825	520,031	502,065	446,089	522,077
Gold price assumption for reserve calculation ($)	325	350	400	400	400
Total reserves (oz Au)	5,177,000	7,419,000	6,118,000	5,638,000	5,049,000
Total resources (oz Au)[4]	4,372,000	7,860,000	–	–	–
Gold selling price ($/oz)	389	424	423	420	395
Gold market price ($/oz)	294	331	388	384	384
Direct mining cost ($/oz)[5]	233	255	257	279	264
Depreciation ($/oz)	83	82	91	68	72
Zinc (tonnes)	62,200	47,500	58,500	23,600	–
Zinc selling price (¢/lb)	47	59	46	50	–
Number of employees	2,383	1,938	1,810	2,000	1,690

1 As a result of its increasing international activities, Cambior adopted the US dollar as its reporting currency commencing January 1, 1996. The prior years' financial statements have been converted at the December 31, 1995, closing exchange rate of Cdn $1.3640 for US $1.

2 Before changes in working capital items.

3 Includes unrealized gain or deferred charge – gold loan.

4 1998 and 1997 figures not comparable to previous years due to separate reserves/resources.

5 Since the beginning of 1996, Cambior's gold production costs have been reported in accordance with the Gold Institute Production Gold Standard.

Quarterly Review 1998

(unaudited) *(all amounts in US dollars)*[1]	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	1998
KEY FINANCIAL DATA *(thousands)*					
Total revenues	92,500	91,614	82,594	76,885	**343,593**
Net revenues	80,548	78,464	70,719	68,170	**297,901**
Mining expenses	46,279	49,618	45,111	46,680	**187,688**
Depreciation	15,584	17,146	16,303	14,158	**63,191**
Administrative expenses	1,810	1,510	1,439	1,147	**5,906**
Exploration expenses	1,699	2,035	2,334	1,880	**7,948**
Financial expenses	2,740	1,553	2,431	3,172	**9,896**
Net earnings (loss)	9,605	2,072	432	(23,565)	**(11,456)**
Cash flow from operations[2]	30,516	21,791	17,615	14,261	**84,183**
Investments	123,155	25,455	21,219	18,306	**188,135**
KEY PER SHARE DATA *(dollars)*					
Earnings (Loss)	0.14	0.03	0.01	(0.33)	**(0.16)**
Cash flow from operations[2]	0.46	0.31	0.25	0.20	**1.21**
Dividends	–	0.025	–	0.025	**0.05**
KEY PRODUCTION DATA					
Production (ounces of gold)	147,825	163,481	156,928	169,591	**637,825**
Selling price ($/oz)	469	391	360	345	**389**
Market price ($/oz)	294	300	289	294	**294**
Direct mining costs ($/oz)[3]	250	237	222	223	**233**
Depreciation ($/oz)	89	87	87	70	**83**

[1] *As a result of its increasing international activities, Cambior adopted the US dollar as its reporting currency commencing January 1, 1996.*
[2] *Before changes in working capital items.*
[3] *Since the beginning of 1996, Cambior's gold production costs have been reported in accordance with the Gold Institute Production Gold Standard.*

1998 TRADING INFORMATION

Symbol: CBJ	Quarter	Volume (in millions)	High ($/share)	Low ($/share)	Close ($/share)
TORONTO STOCK EXCHANGE (TSE) (Cdn $)	First	8.4	9.750	7.400	9.650
	Second	5.6	11.800	8.250	8.650
	Third	8.9	9.450	6.500	9.150
	Fourth	17.6	9.800	7.000	7.500
	Full year	40.5	11.800	6.500	7.500
MONTREAL EXCHANGE (ME) (Cdn $)	First	3.2	9.750	7.400	9.650
	Second	3.0	11.750	8.250	8.650
	Third	2.9	9.350	6.500	9.050
	Fourth	2.8	9.750	7.000	7.550
	Full year	11.9	11.750	6.500	7.550
AMERICAN STOCK EXCHANGE (AMEX) (US $)	First	3.6	6.875	5.188	6.875
	Second	4.0	8.250	5.625	5.875
	Third	3.4	6.375	4.125	5.938
	Fourth	3.1	6.438	4.500	4.938
	Full year	14.1	8.250	4.125	4.938

Total volume (TSE, ME and AMEX): 66.5 million

MANAGEMENT DISCUSSION AND ANALYSIS

Cambior Inc. carries on business in Canada. Affiliates and associated companies of Cambior Inc. carry on business in Canada and elsewhere. In this annual report, the terms "Cambior" and "the Company" are used interchangeably and, in each case, denote a reference to one or more of the group that includes Cambior Inc. and its affiliates and associated companies.

RESULTS

Revenues for 1998 were $344 million compared to revenues of $324 million in 1997 and $313 million in 1996.

Cash flow from operations (before changes in working capital items) were $84.2 million or $1.21 per share compared to $68.3 million or $1.14 per share in 1997 and $63.3 million or $1.08 per share in 1996.

An after-tax write-down of $22.5 million was taken in the financial statements for the year to account for asset devaluation. Before the write-down, net earnings for the year amounted to $11.0 million or $0.16 per share. Taking into account the write-down, the net loss for the year was $11.5 million or $0.16 per share compared to earnings of $7.1 million or $0.12 per share in 1997 and, in 1996, earnings of $4.6 million or $0.08 per share. This write-down had no impact on cash flow from operations.

In light of sustained weakness in the gold market, Cambior posted a non-cash write-down of $24 million or $22.5 million net of income taxes and mining duties in the fourth quarter of 1998. This write-down is mainly attributable to the write-off of the Metates gold/silver property ($14 million) in Mexico and the devaluation of certain assets and investments.

Operating results were favourably influenced by the improved performance of the Doyon Division, where the cost per ounce improved from $291 in 1997 to $226 in 1998 following the acquisition of the residual 50% interest in the Doyon mine at the beginning of 1998, and the gold hedging program that enabled the Company to generate an average selling price of $389 per ounce. Year-round operation of the Langlois mine and a higher milling rate at the Bouchard-Hébert mine despite lower zinc prices were also positive factors. In 1997, results were primarily influence by the sustained performance the Omai mine and the resumption of operations at the Langlois mine.

Gold production grew to a new record of 638,000 ounces from 520,000 ounces in 1997.

REVENUES

The Company had revenues of $344 million, up 5.9% from 1997. At $324 million, 1997 revenues were 3.6% higher than 1996 revenues of $313 million. Mine operating revenues accounted for the total value of the metals produced. Smelting and refining charges by third parties are incurred almost entirely for metals other than gold. Net of these charges, revenues derived in large part from the production and sale of gold, as shown in the following table:

(thousands of $)	**1998**	1997	1996
Operating revenues	**343,593**	324,336	313,124
Less: smelting and refining	**45,692**	48,601	49,213
Total net revenues	**297,901**	275,765	263,911
Net revenues – Gold	**248,716**	224,668	215,680
%	**83**	81	82

The increase in revenues in 1998 is primarily due to the acquisition of the residual 50% interest in the Doyon mine and the sustained operations of the Langlois mine and was achieved despite lower metals prices. In 1997, operating revenues increased as a result of the Omai mine expansion and the higher milling rate at the Bouchard-Hébert mine, and despite the closure of the Chimo mine at the end of 1996 and the Silidor mine in the third quarter of 1996.

Gold is traded on the global markets and is affected by numerous factors beyond the Company's control. These factors include demand relative to global supply, central bank selling and buying, the value of the US dollar, inflation, investor and speculator interest and the international political and economic situation.

For 1998, the production of zinc and copper concentrates represents 10% and 1% respectively of mine operating revenues, net of refining costs. Ferroniobium production represents 6% of these same revenues. The market prices of these metals are influenced by supply and demand and the global economic situation, and are beyond the Company's control.

Metals are traded in US dollars, while a large portion of the Company's operations are located in Canada. Consequently, the US/Canadian dollar exchange rate can affect the return on these activities. In recent years, the Canadian dollar has been weak against the American currency, thereby reducing the Company's Canadian operating costs.

In order to protect itself against the adverse effects of fluctuations in the gold price and generate additional revenue, the Company pursues a revenue protection policy. Various instruments are used to maximize the selling price, including spot deferred and fixed-term forward sales and call and put options. The revenue protection program is complemented by the use of gold loans to finance the development of Cambior's gold projects, thus ensuring stable revenue and cash flow for a portion of gold production, at low borrowing costs. The Company aims to further protect its financial performance through the forward purchase of Canadian dollars with the US dollars generated from the sale of its production.

As a result of its revenue protection program, over the past eleven years Cambior has realized a premium over the average market price for its gold production. In 1998, the realized price was $389 per ounce while the market price was $294 for a premium of 32.3%, compared to a realized price of $424, a market price of $331 and premium of 28.1% in 1997 and a realized price of $423, a market price of $388 and a premium of 9.0% in 1996.

Although the base metals revenue protection programs do not allow for the same flexibility as the gold forward sales, Cambior uses various instruments to establish floor prices. In 1998, Cambior obtained average prices of $0.47 per pound compared to a market price of $0.46 per pound for zinc, and $0.79 per pound compared to a market price of $0.75 per pound for copper.

EXPENSES

Mine operating costs increased by 10% in 1998 due to the acquisition of the residual 50% interest in the Doyon mine and sustained operations at the Langlois mine, partially offset by lower costs at the Omai mine.

The 1% drop in mine operating costs in 1997 was attributable to better cost control overall. The suspension of operations at the Langlois mine in the first quarter and the closure of the Chimo and Silidor mines compensated for the higher costs arising from a 33% increase in production at the Omai mine.

In terms of cost per ounce, mine operating costs fell substantially to $233 in 1998 compared to $255 in 1997 and $257 in 1996. The decline in unit costs in 1998 resulted from higher ore grade, the weakness of the Canadian dollar and improved performance for all the Company's gold operations, principally the Doyon Division, where the cost per ounce went from $291 in 1997 to $226 in 1998. The Doyon Division also benefited from the synergy resulting from the consolidation of the Mouska mine. In 1997, the Doyon mine posted higher unit costs in the first three quarters of the year due to cumulative development delays arising from the two-month shutdown in 1996, a loss in productivity resulting from extensive development work, and stability problems in zone 1.0 that limited access to underground ore destined for the mill, forcing the milling of low-grade ore from surface stockpiles.

The decrease in smelting, refining and transportation costs despite higher production is due to lower unit refining costs for zinc and copper concentrates.

Depreciation, depletion and amortization amounted to $63.2 million in 1998 compared $50.4 million in 1997 and $54.4 million in 1996. The increase in this item in 1998 resulted mainly from the acquisition of the residual interest in the Doyon mine, partly offset by an increase in the mine's mining reserves. The decline in this item in 1997 arose mainly from the suspension of operations at the Langlois and Chimo mines offset by an increase at the Omai mine arising from higher production. Royalties, consisting mainly of the 5% in-kind royalty payable to the Government of Guyana on production from the Omai mine, decreased due to lower production and the drop in gold prices.

Administration expenses, which had increased in recent years, were cut back in reaction to poor metals prices. Expressed as a percentage of revenues, administrative expenses declined to 1.7% from 2.1% in 1997 and 1.9% in 1996.

The decrease in financial expenses for 1998 is due to a lower average loan balance and the conversion, for a shorter period, of the gold loan into a dollar loan at the higher LIBOR rate.

The loss on foreign exchange of $0.5 million in 1998 and $0.6 million in 1997 resulted from the conversion, for the purposes of the financial statements, of certain short-term Canadian dollar assets converted at a lower rate at the date of the financial statements. The $1.8 million gain in 1996 resulted from the subsequent conversion at a favourable rate of the Canadian dollar proceeds of the February 1996 share offering.

The following table provides an overview of exploration expenses for the last three years:

(millions of $)	**1998**	1997	1996
Canada	**1.4**	1.2	1.6
United States	**1.7**	1.9	1.1
Mexico	**1.1**	3.5	1.4
Peru	**1.5**	2.1	3.7
Ecuador	**1.0**	2.6	0.9
Other – South America	**1.2**	1.5	1.1
Total	**7.9**	12.8	9.8

Aside from the aforementioned exploration expenses, a total of $21.6 million was invested in international development projects in 1998 compared to $46.1 million in 1997 and $40.2 million in 1996.

In accordance with its accounting policy, the Company reviews annually the carrying value of certain of its mining assets, which resulted in a $24.5 million asset write-down in 1998, of Metates due to lower gold prices, and of various other assets and investments. These write-downs generated a $2 million decrease in deferred income taxes and mining duties. In 1997 and 1996, no write-down was deemed necessary.

In 1998, the Company incurred a tax expense of $5.0 million compared to $6.1 million in 1997 and $2.8 million in 1996.

The Company is primarily subject to income taxes in Canada and Guyana, as well as mining duties on income earned from its Quebec mining operations. As a result of its investments in past years and available tax losses, the Company recorded deferred income taxes and was only required to pay the minimum large corporations tax and mining duties.

Minority interest corresponds to the minority shareholders' interest in the earnings of Omai Gold Mines Limited ("OGML"). As a result of the loss incurred by OGML in 1995, the value of the interest held by its minority shareholders has been reduced to nil. Omai's future earnings will be entirely attributable to Cambior until the minority shareholders' share of the loss absorbed by Cambior has been recovered, except with regard to the redemption of certain preferred shares held by them.

CONSOLIDATED CHANGES IN CASH RESOURCES

Operating Activities

Mainly as a result of the acquisition of the residual interest in the Doyon mine, the mine's good performance in 1998, and the sustained operation of the Langlois mine, cash flow from operations (before changes in working capital items) amounted to $84.2 million compared to $68.3 million in 1997 and $63.3 million in 1996. The increase in 1997 resulted from the full effect of the Omai mine expansion and the higher milling rate at the Bouchard-Hébert mine. Per share cash flow from operations was $1.21 in 1998 compared to $1.14 in 1997 and $1.08 in 1996, which also reflects the impact of the increase in outstanding shares during the period.

The increase of $1.7 million in working capital items in 1998 resulted mainly from a decrease in accounts payable and was partially offset by a decrease in supplies inventory and prepaid advances. The reduction of $7.7 million in working capital items in 1997 resulted from tighter management of these items and, to a greater degree, of settlements receivable. The investment of $7.7 million in working capital in 1996 was due to an increase in settlements receivable and supplies inventory following the start-up of the Langlois mine and the resumption of the Omai mine operations.

Investment Activities

A summary of investments in property, plant and equipment and business acquisitions is as follows:

(millions of $)	**1998**	1997	1996
Canada	**140.6**	38.5	31.4
Omai Gold Mines Limited	**19.7**	14.2	27.9
International – Other	**21.6**	46.1	40.2
Total	**181.9**	98.8	99.5

Canada

In Canada, investments consisted mainly of the acquisition of the residual 50% interest in the Doyon mine for $98.9 million, effective January 1, 1998. The acquisition cost consisted of the transfer of a mining property net of working capital of $3.9 million, a cash payment of $50.0 million and a balance of purchase price of $45 million. The cash portion of $50.0 million payable upon closing of the transaction was raised

through a public offering of 10,200,000 common shares at a price of Cdn $7.50 ($5.17) per share. A sum of $25.0 million was paid on June 30, 1998 and the balance of $20.0 million was paid on December 31, 1998.

Cambior also agreed to grant Barrick a gold price participation right on future production from the Doyon mine. Under this participation right, Barrick would receive an annual payment of an amount equal to $24.75% of the excess, if any, of the average annual market price for gold above $375/ounce multiplied by the number of ounces of gold produced from the Doyon mine during such year. The participation right applies to a cumulative maximum of 2.6 million ounces of gold production commencing January 1, 1998 and is subject to a further cumulative maximum payout to Barrick of $30 million.

Other investments in Canada consisted primarily of the continued mine development program at the Doyon mine to access additional reserves and allow exploration of the deposit at depth. The deepening of the shaft and related infrastructures was completed and a paste backfill plant was put into operation. At the Langlois mine, work was accomplished toward stabilization of the ore pass and lateral development to new mining areas. Dike raising work was also carried out on the tailings pond at the Bouchard-Hébert mine. Other development work is underway at depth in preparation for mining of a new ore block at the Niobec mine.

Omai Gold Mines Limited (Guyana)

In 1998, investments consisted mainly of the purchase of mining equipment, development work and extraction of waste in excess of the estimated average ratio applicable to the mine. A computerized management system was also put into operation at the mine.

In December 1998, an agreement was signed with Golden Star Resources Limited to acquire a 100% interest in the Eagle Mountain property, mainly in consideration of a $3.2 million interest-free loan to be repaid at the same rate as the preferred shares held by them are redeemed, and a royalty on any future commercial production from the property.

In 1997, investments of $14.2 million consisted of the addition of mining equipment, construction work on the tailings pond and exploration work on the site covered by the mining concession and neighbouring properties with the target of adding reserves. Work on implementing the new computerized management system also began in 1997.

The expansion work started in 1995 to increase the nominal capacity of the mill was completed in July 1996 at a cost of $51.3 million.

International – Other

Investments made in 1998 amounted to $21.6 million compared to $46.1 million in 1997 and $40.2 million in 1996. Investments in development projects were capitalized in accordance with the Company's accounting policy. Recovery of these capitalized costs is subject to the feasibility of these projects based on satisfactory long-term market price outlooks, entering into partnership agreements where appropriate, and securing the funds required to place these ore deposits into commercial production.

(millions of $)	Total to date	**1998**	1997	1996
Cerro San Pedro (Mexico)	14.9	**12.6**	2.3	—
La Arena (Peru)	6.6	**3.8**	2.8	—
Gross Rosebel (Suriname)	17.1	**0.7**	4.0	5.3
Yaou-Dorlin (French Guiana)	13.4	**1.3**	4.6	2.4
Carlota	60.6	**0.4**	12.0	9.7
El Pachón (Argentina)	20.2	**0.5**	1.9	3.8
La Granja (Peru)	53.8	**2.3**	16.5	17.2
Metates and others	—	**—**	2.0	1.8
Total	186.6	**21.6**	46.1	40.2

Cerro San Pedro (Mexico)

In January 1998, the Company and Metallica Resources Inc. entered into a joint venture agreement to develop the Cerro San Pedro gold/silver project. The project is owned by a company that is owned 50% by Cambior and 50% by Metallica. Cambior has the right to retain its 50% interest in the aforementioned Mexican company by investing $20 million in development by the end of 2000. In addition, Cambior will provide the subsidiary with financing facilities of up to $60 million for the project and a hedging facility for gold and silver to a maximum of 150,000 ounces of gold. Cambior also subscribed to 2.0 million common shares of Metallica, including 1.0 million shares for a cash consideration of Cdn $2.60 per share and 1.0 million shares for a consideration of 199,644 common shares of Cambior. Project construction is subject to positive results of a feasibility study to be conducted in the second quarter of 1999, receipt of the required permits and a firmer gold price.

La Arena (Peru)

This property lies in northern Peru and is wholly-owned by Cambior. During the year, diamond drilling and metallurgical testing was carried out.

In December 1998, the Company entered into an option agreement with Gitennes Exploration Inc. under which Gitennes agreed to sell a 100% interest in Compania Minera Kori Pampa S.A., a Peruvian company, to Cambior for cash payments and a royalty. Kori Pampa's main asset is nine concessions forming the Virgen property, adjacent to La Arena. The purchase proposal includes cash payments of $7.0 million, including $2.5 million upon closing, $2.5 million 12 months later and a final $2.0 million 24 months after closing.

Gross Rosebel (Suriname)

This project is a joint venture with Golden Star Resources Limited. Grasshopper Aluminum Company N.V., a company owned by the Government of Suriname, has an option to acquire a 20% interest in the project at cost. Activities on the site were limited during the year. The Company is in the process of obtaining the permits and authorizations required to put the project into production once gold prices are firmer.

Yaou-Dorlin (French Guiana)

Cambior continues to assess the Yaou-Dorlin project, which it owns 50-50 in joint venture with Guyanor Resources S.A. The studies required for permit renewal are underway pending stronger gold prices.

In January 1999, Cambiex Exploration Inc. ("Cambiex") ceded its rights and interests in the property to Cambior in exchange for an option to acquire an interest in other properties in French Guiana. Cambiex owned an indirect interest of 15% in Yaou-Dorlin. This transaction is subject to the required approval of regulatory and other authorities.

Carlota (United States)

In 1998, investments in the United States were limited to $0.4 million, consisting mainly of activities related to obtaining the various permits required to put the Carlota mine into production. At December 31, 1998, investment in this project totalled $60.7 million.

Cambior's efforts to obtain environmental approval to put the Carlota copper project in Arizona into production resulted in a favourable decision from the United States Forest Service concerning the environmental impact study in July 1997. This decision is currently being appealed in the courts. There is no certainty that this appeal will not entail additional delays or other unfavourable conditions related to the project. Additional delays required to assure the project start-up could be important.

El Pachón (Argentina)

In accordance with the 1994 agreement, Cambior acquired a 50% indirect interest in the El Pachon property, located on the Chile-Argentina border, from Compania Minera San Jose S.A. Since 1994, Cambior has financed $20.2 million in engineering and drilling work to gather the data required to prepare a feasibility study. Work is underway on obtaining all the permits and authorizations required pending improvement in the copper market.

La Granja (Peru)

The La Granja project is located in northern Peru. In 1997, Cambior exercised a purchase option acquired from Minera Peru S.A., a state-owned corporation, in 1994. Minera Peru S.A. retains a 5% NSR, with the percentage subject to change based on the price of copper and the inflation rate. To date, investment in the project totals $53.8 million. Work is underway on obtaining all the permits and authorizations required. Furtherance of the project is subject to, among other considerations, an improved copper market.

Metates (Mexico)

In 1997, Cambior exercised its option to purchase a 50% interest in the Metates project from Corporación Industrial San Luis S.A. de C.V. Cambior has invested $13.9 million in exploration, metallurgical testing and a feasibility study. In 1998, the Company decided to write-off its investment in the project.

Financing Activities

In July 1998, the Company signed a new agreement with a banking syndicate for a credit facility of 750,000 ounces of gold or $250 million. Advances under the credit facility can be denominated at the Company's option in gold Base Rate loans or dollar LIBOR loans, plus a premium in both cases.

This new facility replaces a previous facility set up in 1995 and consists of a revolving credit of $250 million amortized over five years in seven semi-annual reductions beginning on June 30, 2000 and ending on June 30, 2003.

The reduction schedule may be extended by one year at each anniversary by mutual agreement between the Company and the banking syndicate.

Amounts outstanding under the credit facility bear interest at the Base Rate for gold loans and at the LIBOR rate for dollar loans, plus a premium determined quarterly based on the Company's debt ratio. At December 31, 1998, the premium was 0.75% and the commitment fee on the unused portion of the facility was 0.25%. An amount of up to $86 million remains available under this facility.

The credit facility is unsecured except for the eventual proceeds from a foreign investment insurance policy that Cambior contracted with the Export Development Corporation (EDC) for its Omai mine located in Guyana. The policy covers investments to a maximum of $100 million.

In 1997, the Company converted its gold loans into dollar loans in accordance with the provisions of the previous agreement and realized gains and debt reductions of $39.6 million representing the difference between the price of the forward purchase contracts in place to convert the gold loans and their accounting value at the conversion date. Similarly, gains and debt reductions of $17.8 million were achieved in 1998.

Since the gold loan is part of the gold hedging program of the Company, these gains are deferred. An amount of $6.9 million in 1997 and $13.0 million in 1998 were recorded in the results and the balance of $37.6 million will be included over the next three years.

The Company has chosen to record these amounts with the cash flow from operations on the same basis as earnings, since the objective of the hedging instruments is also to protect cash flow.

In February 1998, the Company issued 10.2 million common shares at Cdn $7.50 ($5.17) per share for net proceeds of Cdn $73.1 million ($50.4 million) net of Cdn $3.4 million ($2.3 million) in issue costs. This public offering was used to pay the cash portion of the acquisition of the residual 50% interest in the Doyon mine.

In February 1996, the Company issued 8.0 million common shares priced at Cdn $20.875 ($15.21) per share for net proceeds of Cdn $160.0 million ($116.6 million) after deducting issue costs of Cdn $7.0 million ($5.1 million).

In the past three years, Cambior has distributed annual dividends of $3.5 million in 1998, $6.3 million in 1997 and $6.2 million in 1996. A dividend of $0.05 per share was paid out in 1998 whereas previously this dividend amounted to $0.104 per share.

BALANCE SHEETS

At December 31, 1998, the Company's total assets amounted to $808.9 million, up from $764.8 million at December 31, 1997 due mainly to an increase in property, plant and equipment.

At December 31, 1998, property, plant and equipment had increased by $79.3 million to $726.9 million, primarily reflecting the acquisition of the residual 50% interest in the Doyon mine. Cash decreased by $29.2 million, mainly as a result of investments in mining assets and maintaining a low debt level. Working capital, net of cash and the current portion of long-term debt, totalled $18.6 million compared to $20.1 million in 1997. The decrease is mainly due to a decline in supplies inventory and prepaid expenses. Long-term debt amounted to $166.5 million at the end of 1998 compared to $141.4 million at December 31, 1997.

A summary of long-term debt is as follows:

(millions of $)	**1998**	1997
Long-term debt	**166.5**	141.4
Less: cash	**22.0**	51.2
Net debt	**144.5**	90.2
Net debt-to-equity ratio (%)	**20%**	14%
Available credit	**86.0**	72.3

The net debt-to-equity ratio rose to 20% at the end of 1998 from 14% at the end of 1997, mainly due to the settlement of the purchase price related to the acquisition of the residual interest in the Doyon mine. Gold loans are an integral part of the revenue and cash flow protection program, and in the past have generally borne an interest rate of less than 2.5% *per annum*.

At the end of 1998, the Company had unused credit of up to $86.0 million from the credit facility; when added to cash of $22.0 million, the Company could have access to $108.0 million.

Deferred revenues of $37.6 million at December 31, 1998 correspond to unamortized gains realized when the gold loan borrowed at a given price was converted into a dollar loan at a lower gold price.

Minority interest includes Cambiex's interest in the Yaou-Dorlin project as well as the common and preferred share held by Golden Star Resources Limited and the Government of Guyana in OGML.

The common share capital of OGML is held 65% by Cambior, 30% by Golden Star and 5% by the Government of Guyana. Nonetheless, since the Company first became involved in the project in 1990, Cambior has financed all the investment needs, including the original $150 million project construction cost and the $51 million cost of expanding the mill in 1995-96. This financing generates a reasonable return and is repayable to Cambior on a priority basis.

As at December 31, 1998, OGML owed Cambior a total of $223 million, including an unpaid cumulative dividend on preferred shares of $57 million. Cambior estimates that, based on current operating costs and a gold price of $325 per ounce, it will receive 100% of the mine's cash flow as repayment of its loans and preferred shares until current mining reserves are depleted. Consequently, Cambior accounts for its investment on a fully consolidated basis and reports 100% of production. The payment of preferred shares held by Golden Star is shown as minority interest payment. The Government of Guyana also receives a 5% royalty on gold production, payable in kind.

Shareholders' equity rose mainly due to the net proceeds of the share offering and despite an increase in the cumulative translation adjustment arising from the relative weakness of the Canadian dollar, with other factors being the net loss of $11.5 million and the dividend payment of $3.5 million.

METALS PRODUCTION

The Company's revenues as well as cash flow from operations are generated by the production of gold and other metals. The sources of cash flow generated in 1998 break down as follows:

(thousands of $)	Gold		Metals		Total
Gross revenues	250,942		92,651		343,593
Less: smelting and refining	2,226		43,466		45,692
Net revenues	**248,716**	**83%**	**49,185**	**17%**	**297,901**
Expenses net of non-cash items	175,358		38,360		213,718
Cash flow from operations	**73,358**	**87%**	**10,825**	**13%**	**84,183**
Per share ($)	**$1.05**		**$0.16**		**$1.21**

MINING RESERVES AND MINERAL RESOURCES

Cambior's gold and base metal reserves at December 31, 1998 are shown on pages 10 and 11 of this report. To establish these reserves, the Company used a long-term gold price of $325 per ounce compared to $350 per ounce at the end of 1997. The price assumptions for base metals were changed to reflect a long-term price of $0.55/lb for zinc compared to $0.60/lb in 1997, with copper unchanged at $1.00/lb. For the Canadian operations, a long-term exchange rate of $1.45 was used. At the end of 1997, the Company reclassified its reserves into "proven and probable reserves" and "mineral resources".

Proven and probable reserves for all the Company's producing properties stand at 5.2 million ounces as at January 1, 1998 compared to 5.6 million ounces at the beginning of 1998, being influenced at the Omai mine in particular by the lower gold prices. Mineral resources doubled to 1.4 million ounces compared to 0.7 million ounces at the beginning of the year.

Due to development and definition work and taking 1998 production of 240,000 ounces into account, reserves at the Doyon mine rose to 2.6 million ounces at the beginning of 1999 compared to 2.3 million ounces at the beginning of 1998 for a renewal factor of 220%; at the same dates, mineral resources also increased from 0.7 million ounces to 1.0 million ounces. On the basis of a reduced long-term price assumption of $325 per ounce, reserves at the Omai mine net of 1998 production of 328,000 ounces amounted to 1.9 million ounces compared to 2.5 million ounces at the beginning of the year; at the beginning of 1999, mineral resources were 0.3 million ounces.

With the exception of a substantial increase in reserves and resources at the Sleeping Giant mine, reserves net of 1998 gold production for the other producing mines either increased or remained stable despite the reduced price assumption.

The Company also assessed the mineral resources on its development projects. The details of these resources are given on pages 10 and 11 of this report.

The establishment of mining reserves can be highly sensitive to metals prices and exchange rates. The Company may even be obliged to reassess its mining reserves if a significant reduction in metal prices were to be sustained.

ENVIRONMENT

Cambior's mining and exploration activities are subject to various laws and regulations regarding environmental protection. These laws are constantly evolving and generally tend to impose increasing restrictions.

The Company has already incurred, and expects to incur in the future, costs to ensure conformity with these laws and regulations. Ongoing site reclamation costs are charged to expenses in the period they are incurred. The Company has estimated closure costs, including site reclamation; these costs are charged against earnings over the expected operating lives of the mines. These allowances may be revised on the basis of changes to the laws and regulations and the availability of new information.

In 1998, with the exception of the Doyon mine, which Cambior only began managing at the beginning of the year, all the Company's Canadian entities received ISO 14001 certification for their environmental management system. The Company is aiming to obtain certification for the Doyon and Omai mines in the coming year.

RISKS

Cambior is subject to various financial, operational and political risks within its mining operations. The Company carries out risk assessment and seeks to minimize these risks through:

- careful planning, construction and operation of its facilities;
- hiring competent personnel and developing their skills through training and development programs;
- setting and maintaining recognized international standards;
- conducting independent audits and reviews;
- transferring some risk through the purchase of insurance as well as the maintenance of commodity and currency hedging programs.

The Company derives virtually all of its revenues and earnings from the sale of gold, zinc, copper and niobium. The gold price has fluctuated considerably in recent years and is influenced by numerous factors beyond Cambior's control, such as general price inflation, changes in investment trends and international monetary systems, political events and changes in gold supply and demand on the public and private markets. Zinc and copper prices are occasionally subject to large fluctuations due to the state of market supply and demand. These conditions are influenced by the economic context as well as by numerous factors beyond Cambior's control. The Company could even become obliged to suspend metal production and sales and re-evaluate its mining assets if a significant reduction in metal prices were to be sustained.

The Omai mine in Guyana accounts for a large portion of Cambior's production and reserves. Consequently, the risks inherent in doing business in that country constitute a major concern for the Company. Cambior's investment in Omai carries the usual risks associated with investment in a developing country. However, the Company has foreign investment insurance for a nominal, maximum value of $100 million from EDC. At the end of 1998, the Company had not taken out such insurance to cover the amounts invested in Argentina, Ecuador, Mexico, Peru or Suriname as its activities in these countries are limited to exploration and development. In these countries, Cambior has to conform to mining laws governing exploration, mining, processing and marketing of minerals, as well as mineral agreements in some cases. These laws are generally similar in effect to comparable laws in North American jurisdictions. Non-compliance with these standards and agreements may entail fines for Cambior or the suspension or cancellation of operating permits. Cambior believes that it is in substantial compliance with all legislation, regulations and administrative standards applicable to its activities.

The Company and one of its subsidiaries are defendants in various civil procedures in Guyana arising from the tailings dam failure at the Omai mine in Guyana in 1995. In most cases, the amount of damages claimed has not yet been specified by the plaintiffs. Insurance coverage remains available with respect to a substantial portion of these claims, and any additional amount that might be payable is unlikely to be material.

Furthermore, the Company is subject to various claims, actions or recourses occuring in the normal course of its business. The Company is also subject to new income tax contributions and mining duties with respect to some financial years. The Company does not believe that unfavourable decisions in any proceedings, pending or threatened, with respect to any eventual contribution or any amunt that will become payable, if applicable, will entail any adverse effect on its financial condition or future operating earnings.

YEAR 2000 READINESS DISCLOSURE

Cambior is fully aware of the potential disruption that might be caused by the passage to the year 2000 and other potential date related problems associated with it.

Having started operations in 1986, Cambior does not believe it has inherited any customised, hidden and sometimes undocumented "legacy code" from the 1960's or the 1970's. Still, potential problems exist and demand to be addressed.

Organisation and Resources

Since 1997, the Company has put in place a management structure that has as its objective the elimination of any exposure to date-related problems over which we have control.

The Vice-President, Control, has been given the responsibility of co-ordinating the activities throughout the organisation to meet this objective and reports quarterly to the Audit Committee on these activities. He is supported by ad-hoc committees headed by the regional Vice-Presidents at major locations. The responsibilities of these committees include scheduling the various activities, implementing the activities in timely fashion, defining criticality, monitoring remediation and, where warranted, preparing contingency plans.

Financial Systems

In terms of severity of potential consequences, the first concern has been directed toward our financial systems. In the Canadian operations, the financial systems vendors have either confirmed compliance or made available new tested versions that are Year 2000 compliant. We will upgrade to revised versions early in 1999, once year-end closing activities are completed.

At other non-operational, regional locations in Canada and in other countries, the systems presently in use are not compliant. However, the vendor has made available compliant versions. The process of upgrading to the revised versions and testing is planned for completion again once year-end closing activities are completed. If the tests do not yield satisfactory results, these systems can readily be replaced by other commercially available systems. The required functionalities are not particularly complex or difficult to secure.

At the Omai mine, Cambior had already decided at the beginning of 1997 to replace the system in use to increase functionalities and to improve the management information system. The Oracle/R5 systems were implemented successfully and ahead of schedule in May 1998. The same process was initiated at the head office in Montreal, and completion was achieved at the beginning of December 1998.

In view of the numerous additional functionalities that are being made available by these systems which, once developed, will be available for immediate use in any of Cambior's future major projects, this cost has been capitalised and will be charged to the various users over time. All other costs will be expensed. However, these expensed costs are not expected to be material.

Process Control Instrumentation

A second concern involves the functioning of date-sensitive instrumentation used in our operations, be they mining or milling or other support activities. These have been inventoried throughout the operations in Canada and at all other locations, principally at Omai in Guyana. The current activities consist of testing and contacting all suppliers to either confirm compliance or obtain corrective action. This work is prioritized to the more critical process control instruments but is also extended to all other applications. Some suppliers are showing reluctance in collaborating fully in the process as they become prudent in certifying compliance.

For new purchases, suppliers are now requested to warrant compliance of date-sensitive instrumentation as a condition attached to any purchase order issued for such instrumentation.

We do not currently expect the costs involved to be material.

Timetable for key concerns

Cambior intends to complete its activities in these two areas early in the current year, so that our personnel has adequate time prior to the coming of the year 2000 for further testing and coping with any additional problems that might be identified.

Third Parties

Finally, during the fourth quarter of 1998 and the first quarter of 1999, critical third parties with which Cambior transacts business are being identified and contacted as to their preparedness to face the transition to the year 2000. This group includes major suppliers and service providers, including financial institutions with which accounts are held or with whom foreign exchange, gold or base metals are traded or hedged. This activity will continue until the end of 1999. Of course, we will have no control over the reliability of the commitments or comfort that will be expressed as a result of our inquiries. Each situation will have to be evaluated and mitigation defined and implemented where either criticality or insufficient comfort warrants it.

Contingency Planning

Where systems or relations with third-party service or supply providers are defined through the current discovery activities as critical, contingency plans will be prepared and evaluated for effectiveness. This process is being initiated as soon as criticality has been established and may be an ongoing process throughout 1999, as circumstances require.

Disclaimer

Notwithstanding the above activities, there can be no assurance that issues related to the impending arrival of the year 2000 will not adversely affect Cambior generally and all or any of its operations, financial position, financial results and relations with third parties, in particular. Such adverse effects, if any arise, may be material.

Accordingly, nothing set forth herein shall be interpreted as transferring any responsibility to, or as giving rise to any claim of any kind against, Cambior Inc., any of its directors, officers, employees, agents or other representatives (collectively, "Representatives") or any of its affiliates and their respective Representatives, in relation to any matter discussed herein or in relation to any matter arising out of the impending arrival of the year 2000.

HUMAN RESOURCES

In 1996, collective agreements of three and five years respectively were signed with the unions representing personnel from the Sleeping Giant and Niobec mines. At the Doyon mine, a collective agreement expiring in 2000 was signed, for which monetary conditions are currently under renegotiation.

At the Omai mine, renegotiation is underway in preparation for the renewal of the collective agreement that expires in April 1999.

The Company maintains satisfactory relations with its employees.

Expiry dates of the collective agreements

Omai mine[1]	
Hourly employees	April 9, 1999
Doyon[2]	
Hourly employees (monetary clauses only)	November 30, 1998
Sleeping Giant	
Hourly employees	July 31, 1999
Niobec[3]	
Hourly employees	April 30, 2001

1. The Omai mine is owned by Omai Gold Mines Limited, a subsidiary of Cambior.
2. Until December 31, 1997, Barrick Gold Corporation, co-owner of the Doyon mine with Cambior, was the mine operator.
3. Teck Corporation, co-owner of the Niobec mine with Cambior, is the mine operator.

Employees at Cambior's other mines and development projects are not unionized.

The Company has an active program for promoting health and safety in the workplace. Notwithstanding the efforts invested in these programs, the Company deplores an increase in the accident rate, including two fatalities in 1998. Additional prevention and training efforts are being applied to improve on this record. The Omai mine, it should be noted, has posted a very good performance with a very low accident rate.

OUTLOOK

The following discussion and analysis explains trends in the Company's financial condition and results of operations for the year ended December 31, 1998, compared with the two previous fiscal years, and is intended to help shareholders and other readers understand the dynamics of the Company's business and the key factors underlying its financial results. Certain statements in this management's discussion and analysis constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements of the Company or of its industry, to be materially different from any future results, performance, and achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and assumptions include, among others, those herein above-mentioned under the title "Risks" and the ability of the Company to attract and retain key employees. The consolidated financial statements, notes to the consolidated financial statements and supplementary financial information constitute an integral part of and should be read in conjunction with this management's discussion and analysis.

The selling price for gold production is a key variable in the Company's financial performance. Gold trades on the world markets and its price is affected by numerous factors beyond the Company's control. In order to protect itself against negative repercussions, the Company uses various hedging tools including spot and fixed-term forward sales to assure a minimum price for future production. At December 31, 1998, the hedging program covered 802,000 ounces of gold at a minimum price of $353, including all the gold expected to be produced in 1999 at a minimum price of $358 and including deferred revenue to be amortized during the year from the prior conversion of gold loans.

Following the acquisition of Barrick Gold Corporation's interest in the Doyon mine, Cambior set as its priority applying the Doyon operating plan in such a way as to generate synergies with its regional assets and human resources and improving the operation over the following three years in an effort to increase gold production and cut average production costs.

In 1999, given the ongoing improvements at Doyon, Cambior has targeted a production of 650,000 ounces of gold, 71,200 tonnes of zinc, 8,100 tonnes of copper and 1,100 tonnes of niobium. Gold mining activities are still expected to generate more than 80% of the cash flow from operations.

A breakdown of estimated 1999 gold production compares to 1998 production as follows:

(in ounces)	**1999 (estimated)**	**1998**
Doyon division	260,000	240,000
Omai mine	306,000	328,000
Sleeping Giant mine (50%)	39,000	36,000
Bouchard-Hébert/Langlois mines[1]	45,000	34,000
	650,000	638,000

1. Gold equivalent.

Given the current weakness in gold and base metals markets, Cambior is maintaining a productivity improvement and cost reduction program at all of its mines and at the corporate level, with the objective of reducing the average cost per ounce of gold from $233 in 1998 to $215 in 1999. Cambior is also aiming to reduce exploration and administrative expenses and capital costs. Its investment programs are concentrated on improving its existing mining operations, mainly at Doyon and Omai, as well as pursuing work on the Cerro San Pedro and La Arena development projects.

Property, plant and equipment expenses for 1999 are forecasted at $67 million; construction of the Cerro San Pedro project is subject to obtaining positive results from the feasibility study and the required permits, and higher gold prices. At the Doyon division, capital expenditures are estimated at $25 million, mainly for deferred development on levels 12 and 14 in the Extreme-West zone of the Doyon mine as well as to sink an internal shaft at the Mouska mine. Capital expenditures planned for the Omai mine amount to $15 million, mainly for deferred mining costs, tailings pond dike construction and replacement of mining equipment. Capital expenses at the La Arena gold project are estimated at $6 million for metallurgical testing and definition drilling in preparation for the feasibility study. Capital expenditures of $16 million are planned for the base metal operations.

Metal market prices are currently fairly low compared to prices in recent years. Cambior expects that the markets could improve in the medium term; its business plan is based on long-term prices of $325 per ounce for gold, $0.55 per pound for zinc and $1.00 per pound for copper. In 1999, investments in the Carlota, El Pachón and La Granja copper projects will be sufficient to assure project maintenance. However these projects are on standby pending improvement in the medium-term market outlook. Similarly, the Omai mine and certain gold projects, including Cerro San Pedro, La Arena, Gross Rosebel and Yaou Dorlin, are subject to improvement in gold prices. The outlook for zinc mainly affects the Langlois mine, where a long-term price of $0.50 per pound is required to recover investment.

Cambior is reasonably confident that the market outlook will improve in the coming years. Nevertheless, if the long-term outlook were to be readjusted to lower levels than those indicated, the book value of some assets would have to be readjusted downward.

Cambior will continue to monitor market changes and adjust its investment program so as to ensure the prudent management of its resources while at the same time seeking out new, interesting business opportunities.

MANAGEMENT'S REPORT

The Management of the Company is responsible for the preparation of the consolidated financial statements and the financial information included in this annual report.

Management maintains a system of internal controls to produce reliable financial statements and to provide reasonable assurance that assets are safeguarded.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgments of Management based on the data available at the time.

Raymond Chabot Grant Thornton was appointed by the shareholders as external auditors of the Company. Their report, presented below, expresses an opinion on the consolidated financial statements.

The Audit Committee meets on a quarterly basis with the external auditors, with and without Management being present, to review the financial statements and to discuss audit related matters. The members of the Committee are independent directors.

On the recommendation of the Audit Committee, the Board of Directors has approved the Company's consolidated financial statements.

Louis P. Gignac

Louis P. Gignac
President and Chief Executive Officer

Henry A. Roy

Henry A. Roy
Senior Vice President Finance and Administration and Chief Financial Officer

Montreal, Canada
January 27, 1999

AUDITORS' REPORT

To the Shareholders of Cambior Inc.

We have audited the consolidated balance sheets of Cambior Inc. as at December 31, 1998 and 1997 and the consolidated statements of earnings, contributed surplus and retained earnings and changes in cash resources for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1998 in accordance with generally accepted accounting principles in Canada.

Raymond Chabot Grant Thornton

General Partnership
Chartered Accountants

Montreal, Canada
January 27, 1999

CONSOLIDATED EARNINGS

Years ended December 31 *(in thousands of United States dollars)*	**1998** **$**	1997 $	1996 $
REVENUES			
Mining operations	**341,463**	319,219	306,630
Investments	**2,130**	5,147	6,494
	343,593	324,366	313,124
EXPENSES			
Mining operations	**187,688**	169,969	171,931
Smelting, refining and transportation	**45,692**	48,601	49,213
Depreciation, depletion and amortization	**63,191**	50,443	54,422
Royalties	**5,216**	5,900	5,417
Exploration	**7,948**	12,832	9,791
Gain on disposal of an exploration property	**(4,232)**	—	—
Administration	**5,906**	6,959	5,943
Capital tax	**2,000**	1,594	1,912
Financial expenses	**9,896**	11,115	8,431
Loss (Gain) on foreign exchange	**465**	565	(1,818)
Write-down of mining assets *(Note 5)*	**24,495**	—	—
	348,265	307,978	305,242
Earnings (Loss) before the undernoted items	**(4,672)**	16,388	7,882
Income taxes and mining duties *(Note 10)*	**4,983**	6,118	2,770
	(9,655)	10,270	5,112
Minority interests *(Note 7)*	**1,801**	3,200	486
Net earnings (loss)	**(11,456)**	7,070	4,626
Earnings (Loss) per share (in dollars)	**(0.16)**	0.12	0.08
Weighted average number of common share outstanding (in thousands)	**69,627**	60,150	58,805

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CONTRIBUTED SURPLUS AND RETAINED EARNINGS

Years ended December 31 *(in thousands of United States dollars, except for amounts per share)*	**1998** **$**	1997 $	1996 $
CONTRIBUTED SURPLUS			
Balance, beginning of year	**335,913**	335,755	238,146
Premiums received on the issuance of common shares and warrants	**25,629**	158	97,609
Balance, end of year	**361,542**	335,913	335,755
RETAINED EARNINGS			
Balance, beginning of year	**37,536**	36,722	41,440
Net earnings (loss)	**(11,456)**	7,070	4,626
	26,080	43,792	46,066
Dividends ($0.05 per share in 1998, $0.10 per share in 1997 and 1996)	**(3,520)**	(6,256)	(6,201)
Share issue expenses, net of income taxes	**(1,448)**	—	(3,143)
Balance, end of year	**21,112**	37,536	36,722

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED CHANGES IN CASH RESOURCES

Years ended December 31 *(in thousands of United States dollars, except for amounts per share)*	**1998** **$**	1997 $	1996 $
OPERATING ACTIVITIES			
Net earnings (loss)	**(11,456)**	7,070	4,626
Non-cash items			
Depreciation, depletion and amortization	**63,191**	50,443	54,422
Write-down of mining assets	**23,995**	—	—
Income tax benefit and deferred income taxes and deferred mining duties	**3,864**	5,224	1,696
Minority interests	**1,801**	3,200	486
Other	**2,788**	2,391	2,116
Cash flow from operations	**84,183**	68,328	63,346
Changes in working capital items			
Settlements receivable	**(868)**	6,273	(6,145)
Other accounts receivable	**377**	713	3,323
Supplies inventory	**1,888**	1,710	(2,814)
Prepaid expenses	**1,528**	351	1,038
Accounts payable and accrued liabilities	**(4,649)**	(1,299)	(3,144)
	(1,724)	7,748	(7,742)
Cash provided by operating activities	**82,459**	76,076	55,604
INVESTMENT ACTIVITIES			
Investments	**(6,190)**	(2,901)	(554)
Property, plant and equipment	**(83,090)**	(98,764)	(97,988)
Accrued liabilities – construction in progress	**—**	54	(14,315)
Business acquisitions *(Note 3)*	**(98,855)**	—	(1,546)
Cash used in investment activities	**(188,135)**	(101,611)	(114,403)
FINANCING ACTIVITIES			
Long-term debt			
Borrowings	**390,156**	428,164	67,047
Repayments	**(365,086)**	(486,213)	(69,742)
Deferred gain	**4,797**	32,759	—
Minority interests	**(1,801)**	(3,200)	(486)
Common share issue	**51,984**	212	117,526
Dividends	**(3,520)**	(6,256)	(6,201)
Other	**(50)**	(81)	(518)
Cash provided by (used in) financing activities	**76,480**	(34,615)	107,626
Increase (Decrease) in cash	**(29,196)**	(60,150)	48,827
Cash, beginning of year	**51,214**	111,364	62,537
Cash, end of year	**22,018**	51,214	111,364
Per common share (in dollars)			
Cash flow from operations	**1.21**	1.14	1.08
Cash provided by operating activities	**1.18**	1.26	0.95
Weighted average number of common shares outstanding (in thousands)	**69,627**	60,150	58,805

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 *(in thousands of United States dollars)*	**1998** $	1997 $
ASSETS		
Current assets		
Cash	**22,018**	51,214
Settlements receivable	**18,249**	17,381
Other accounts receivable	**7,262**	7,085
Supplies inventory	**26,176**	28,175
Prepaid expenses	**2,491**	3,795
	76,196	107,650
Investments *(Note 4)*	**5,353**	5,743
Property, plant and equipment *(Note 5)*	**726,927**	647,674
Income tax benefit	**412**	3,725
	808,888	764,792
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**35,553**	36,346
Current portion of long-term debt	**572**	15,669
	36,125	52,015
Long-term debt *(Note 6)*	**165,895**	125,728
Deferred gain *(Note 6)*	**37,556**	32,759
Provision for environmental obligations	**7,343**	4,833
Deferred mining duties and deferred income taxes	**10,775**	11,519
Minority interests *(Note 7)*	**1,659**	1,659
	259,353	228,513
SHAREHOLDERS' EQUITY		
Capital stock *(Note 8)*	**204,961**	176,270
Contributed surplus	**361,542**	335,913
Retained earnings	**21,112**	37,536
Cumulative translation adjustment *(Note 9)*	**(38,080)**	(13,440)
	549,535	536,279
	808,888	764,792

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Guy Dufresne

Guy Dufresne,
Director

Louis P. Gignac

Louis P. Gignac,
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are expressed in United States ("US") dollars except where otherwise indicated; amounts in the tables are presented in thousands of US dollars.)

1–INCORPORATION AND NATURE OF OPERATIONS

Cambior Inc. ("Cambior"), incorporated under Part IA of the Companies Act (Québec), is engaged in the mining, exploration and development of mining properties, principally gold, located in North America and South America.

2–ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. As described in Note 14, those principles differ in certain material respects from some accounting principles that the Company would have followed had its consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States. The principal accounting policies followed by the Company are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of the Company and of its subsidiaries. The Company's share in joint ventures is accounted for by the proportionate consolidation method.

Measuring unit

The financial statements of the Company were presented in Canadian dollars up to December 31, 1995. Since substantially all the Company's revenues result from metal sales in US dollars and the Company's Canadian assets represent less than half of the assets, the US dollar was adopted as the Company's reporting currency commencing January 1, 1996.

Use of estimates

The preparation of consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities shown on the balance sheet and contingencies mentioned at the date of the consolidated financial statements, and the amounts of revenues and expenses shown on the consolidated earnings statement during the reporting period. Actual results could differ from those estimates.

Fair value of short-term financial instruments

The fair value of cash, settlements receivable, other accounts receivable and accounts payable and accrued liabilities is equivalent to the carrying amount given the short maturity period.

Post retirement benefits

The cost of post retirement benefits was accounted for under the cash basis of accounting. During the year, the Company changed its accounting method to the accrual method. The adoption of this method had no significant impact on the earnings for the year.

Cash

Cash includes short-term investments in money market instruments with an original term of less than three months which are carried at the lower of cost and quoted market value. The Company limits its concentrations of credit risk by diversifying its investments with a certain number of major financial institutions that meet its credit quality standards. Interest rates for temporary investments vary between 4.75% and 5.40% (4.88% and 6.75% in 1997.)

Income recognition and settlements receivable

The Company recognizes income from metals when they have been extracted and processed at the on-site mill facilities. Settlements receivable include gold, ferroniobium and metal concentrates and are recorded at estimated net realizable value. Estimated net realizable value is based upon either contracted or current prices, less a provision for possible adverse fluctuations in metal prices, where appropriate.

Supplies inventory valuation

The supplies inventory is valued at the lower of average cost and replacement cost.

Property, plant and equipment

Property, plant and equipment are accounted for at cost. The depreciation, depletion and amortization of mining properties, development expenses and buildings and equipment related to mines are principally based on the units of production method over the estimated economic life of the related deposit. Otherwise, if the anticipated useful life of the assets is less than the life of the deposit, depreciation is based on their anticipated useful life.

Other property, plant and equipment are depreciated under the straight-line method according to their anticipated useful lives.

The Company periodically values the carrying amount of the property, plant and equipment based on the future cash flows method. Estimated future net cash flows, on an undiscounted basis, from each mine and mining project are calculated using estimated recoverable ounces of gold (considering reserves and resources); estimated future gold price realization (considering historical and current prices, price trends and related factors); and operating, capital and restoration costs. If it is determined that the net recoverable

2 – ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (CONTINUED)

amount of the property, plant and equipment is less than the carrying value and the impairment in value is permanent, a write-down to the net recoverable amount is made with a corresponding charge to earnings. Management's estimates of future cash flows are subject to risks and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's property, plant and equipment.

Mining costs associated with waste rock removal are deferred in the case of an open pit mine if the waste rock removal ratio is higher than the estimated average ratio for the mine; these costs are amortized in the periods during which the removal ratio is lower.

When appropriate, construction in progress includes interest and financing costs on funds borrowed. These costs are capitalized until the end of the construction period. Upon commencement of commercial production on the deposit in question, capitalized construction costs are transferred to the various categories of property, plant and equipment.

Exploration expenses incurred to the date of establishing that a property has mineral resources which have the potential of being economically recoverable are charged to earnings; exploration and development expenses incurred subsequent to this date are allocated to fixed assets under mining projects.

Provision for environmental obligations

Ongoing site restoration costs are charged to expenses in the period they are incurred. Closure costs including reclamation and site restoration are estimated and charged to earnings over the expected operating lives of the mines.

Based on current environmental regulations and known reclamation requirements, management has included its best estimates of these obligations in its provision for environmental obligations. However, it is reasonably possible that the Company's estimates of its ultimate environmental obligations could change as a result of changes in regulations or cost estimates.

Mining duties and deferred income taxes

Income taxes and mining duties are accounted for on a tax allocation basis.

Gold loans and other hedging instruments

The Company enters into hedging transactions in order to protect itself against the impact of falling gold and other metals prices. These hedging transactions, which include gold loans, spot deferred, forward sales and option contracts provide a minimum price for future production.

Initially, a gold loan is classified as debt at the price realized from the sale of the borrowed gold. Subsequently, a gold loan is carried at the value based on the market price of gold prevailing at each balance sheet date. When a gold loan is used as part of the Company's hedging program, the unrealized gain or loss resulting from the "marked to market" adjustment is recorded as deferred revenue or as deferred charge, as appropriate. As the Company delivers gold from production to repay the loan, gold sales are recorded at the initial price realized, reducing the debt and the deferred revenue or deferred charge balances accordingly.

When a gold loan is converted into a dollar loan, the gain or loss realized is recorded as deferred gain or as deferred charge. This deferred gain or charge is included in earnings and cash flow from operations as the production initially designated as a hedge would be sold.

Proceeds from spot deferred, forward sales and option contracts are recognized in revenue at the contracted price at the time the designated metals production is available.

The Company also enters into foreign exchange contracts whereby it commits itself to deliver US currency in exchange for Canadian dollars. Because most of the Company's revenues are derived in US funds and expenditures incurred by the Company for its Canadian operations are denominated in Canadian dollars, the Company enters into such contracts to protect itself in the event of a strengthening Canadian currency. Proceeds from these contracts are recognized in revenue from mining operations at maturity.

Foreign currency translation

Assets and liabilities of Canadian mining activities are translated into US dollars at the exchange rate in effect at the balance sheet date. The functional currency of Canadian mining activities is the Canadian dollar. Translation adjustments arising from changes in exchange rates are deferred and shown as a separate component of shareholders' equity.

Other monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at the balance sheet date, whereas other non-monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at the transaction date.

Revenues and expenses in foreign currencies are translated at the average rate in effect during the year, with the exception of depreciation, depletion and amortization which are translated at the historical rate. Gains and losses are recorded in earnings for the year.

Exchange gains and losses related to long-term debt are amortized over the period of the scheduled reimbursements.

3 – BUSINESS ACQUISITIONS

Doyon Mine

Effective January 1, 1998, the Company purchased the residual 50% interest in the Doyon mine. The net assets acquired are as follows:

	$
Net assets acquired	
Property, plant and equipment	107,065
Decrease in value of the Vézina mill after the planned transfer of production milling from the Mouska mine to the Doyon mill	(7,075)
Provision for environmental obligations	(1,135)
Acquisition cost	98,855
Consideration	
Cash and purchase price balance	95,000
Transfer of an exploration property	4,232
Cash for net working capital	(377)
	98,855

The $50,000,000 cash portion paid on closing of the transaction was provided by a public issue of 10,200,000 common shares at a price of Cdn $7.50 ($5.17) per share. A sum of $25,000,000 was paid on June 30 and the balance of $20,000,000 was paid on December 31, 1998.

This acquisition has been accounted for by the purchase method. The results of operations of the purchased joint venture are included in the consolidated statement of earnings from the date of acquisition.

Pachon S.A. Minera (Pachon)

In 1996, the Company paid an amount of $1,546,000 to complete the acquisition of its 50% interest in the outstanding shares of Pachon S.A. Minera, which owns a 100% interest in the Pachon copper project, located in Argentina.

4 – INVESTMENTS

	1998 **$**	1997 $
At equity value:		
Cambiex Exploration Inc. ("Cambiex")[(a)]	**1,100**	1,571
At cost:		
Shares, loans and convertible debentures of public mining exploration companies[(b)]	**4,253**	4,172
	5,353	5,743

[(a)] The Company owns 8,600,000 common shares (30.59%) of this company subject to significant influence. The Company's share of Cambiex earnings amounts to a loss of $471,000 in 1998 (gains of $354,000 in 1997 and $241,000 in 1996). The market value is $1,290,000 as at December 31, 1998 ($1,503,000 as at December 31, 1997).

[(b)] The fair value is $4,245,000 ($3,825,000 in 1997). Fair value represents the last quoted market price for the shares and the debentures convertible into shares as well as the carrying amount of the loans.

5 – PROPERTY, PLANT AND EQUIPMENT

	1998			1997		
	Cost **$**	**Accumulated depreciation, depletion and amortization** **$**	**Net** **$**	Cost $	Accumulated depreciation, depletion and amortization $	Net $
Mining properties	**62,319**	**24,665**	**37,654**	67,661	33,286	34,375
Development expenses	**318,633**	**93,823**	**224,810**	260,906	86,917	173,989
Land, buildings and equipment relating to mines	**414,112**	**147,760**	**266,352**	377,167	124,995	252,172
Other	**16,750**	**5,284**	**11,466**	13,071	4,605	8,466
	811,814	**271,532**	**540,282**	718,805	249,803	469,002
Mining projects	**186,645**	**—**	**186,645**	178,672	—	178,672
	998,459	**271,532**	**726,927**	897,477	249,803	647,674

Write-down of mining assets

In 1998, in conjunction with its periodic evaluation of the carrying value of its property, plant and equipment, the Company determined that certain assets would have to be written down. This write-down was as follows:

	1998 $
Mining project	13,914
Investments	6,110
Equipment relating to mines and other assets	4,471
	24,495

An income taxes and mining duties recovery of $2,007,000 is reflected in earnings to account for the impact of this write-down. After income taxes and mining duties, the write-down is therefore $22,488,000 ($0.32/share) for the year ended December 31, 1998, thus reducing net earnings from $11,032,000 ($0.16/share) to a net loss of $11,456,000 ($0.16/share).

5 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capitalized interest

Interest capitalized to property, plant and equipment in 1998 totals $468,000 ($64,000 in 1997).

Commitments

In order to acquire its rights to certain mining projects, the Company must invest a total of $12,120,000 during the coming years.

6 – LONG-TERM DEBT

	Current portion	1998	1997
	$	$	$
Credit facility[a][b][c]			
– Gold loan at gold base rate plus 0.75% (3.70% as at December 31, 1997)	—	—	25,076
– Dollar loan at the LIBOR rate plus 0.75% (6.02% as at December 31, 1998 and 6.60% as at December 31, 1997)	—	**164,000**	112,889
	—	**164,000**	137,965
Obligations under capital lease, in funds, bearing interest at rates varying from 5.68% to 9.50%, payable in monthly and quarterly instalments until July 1, 2009	572	**1,997**	2,595
Reimbursable government assistance, discounted at a rate of 8%, payable in 2002	—	**470**	837
		166,467	141,397
Current portion	572	**572**	15,669
		165,895	125,728

[a] In 1995, the Company entered into a Credit Facility Agreement with a banking syndicate for up to the lesser of 600,000 ounces of gold and $225,000,000. Advances under the Credit Facility may be denominated interchangeably at the Company's option as gold loans, dollar LIBOR loans or dollar Base Rate loans.

The credit facility consists of:

- a $75,000,000 Credit which is repayable in sixteen (16) consecutive quarterly payments maturing on December 31, 2001, and;
- a $150,000,000 Revolving Credit with a revolving period ending December 31, 1998 followed by a three-year quarterly reduction period while respecting the limits allowed, maturing on December 31, 2001. The revolving period may be extended by one year upon mutual agreement between the Company and the banking syndicate, bringing the maturity date to December 31, 2002.

[b] On July 28, 1998, the Company signed a new agreement with a banking syndicate for a credit facility of 750,000 ounces of gold or $250,000,000. Advances under the credit facility can be denominated at the Company's option as gold loans, dollar LIBOR loans or dollar Base Rate loans.

This new facility consists of a $250,000,000 Revolving Credit amortized over a five-year period with seven semi-annual reductions beginning on June 30, 2000 and ending on June 30, 2003. The reduction term of the Credit Facility may be extended by one year at each anniversary upon mutual agreement between the Company and the banking syndicate.

Amounts outstanding under the Credit Facility bear interest at the gold base rate for the gold loans and at the LIBOR rate for dollar loans, plus a premium determined quarterly on the basis of the Company's debt ratio. At December 31, 1998, the applicable premium was 0.75% and the usage rights on the unused portion of the Credit Facility was 0.25%. In addition, an amount of up to $86,000,000 remains available in accordance with this facility.

The loan is unsecured except for the eventual proceeds from a foreign investment insurance policy which the Company contracted with the Export Development Corporation ("EDC") for its Omai mine located in Guyana. Under the terms of the policy, 90% of any loss resulting from the occurrence of specified events of political risk in relation to the mine operations, including war, expropriation and currency transfer restrictions would be covered by the EDC. The policy covers the investment to a maximum of $100,000,000. The Company has agreed to maintain various other covenants and financial ratios. At December 31, 1998, these other covenants and financial ratios were being met by the Company.

6 – LONG-TERM DEBT (CONTINUED)

(c) The credit facility used is divided as follows as at December 31:

	1998 $	1997 $
Credit		
– Gold loan	—	—
– Dollar loan	—	60,299
Revolving credit		
– Gold loan (80,000 ounces as at December 31, 1997	—	25,076
– Dollar loan	**164,000**	52,590
	164,000	137,965

In 1997, the Company converted its gold loans into dollar loans pursuant to the conversion clause provided in the previous agreement and realized gains of $39,639,000 representing the difference between the price of the forward purchase contracts in place to convert the gold loans and their carrying amount at the conversion date. Similarly, gains of $17,825,000 were realized in 1998.

Since the gold loans are part of the Company's gold production hedging program, these gains have been presented on the balance sheet under deferred gain. An amount of $13,028,000 was applied to earnings in 1998 ($6,880,000 in 1997) and the balance of $37,556,000 will be included in earnings as follows:

	$
1999	17,840
2000	14,057
2001	5,659

The Company has chosen to record these amounts with the cash flow from operations on the same basis as earnings, since the objective of the hedging instruments is also to protect cash flows.

The fair value of the Company's long-term debt approximates the carrying amount thereof as at December 31, 1998 and 1997, based on the rates in effect offered to the Company for debt securities with the same maturity dates.

The minimum reimbursements on the long-term debt for the coming years are as follows:

Year of repayment	$
1999	572
2000	366
2001	34,136
2002	60,591
2003	70,121
	165,786

Interest on long-term debt amounted to $7,853,000 in 1998 ($9,204,000 in 1997 and $6,129,000 in 1996).

7 – MINORITY INTERESTS

Minority interests consist of common and preferred shares held by Golden Star Resources Ltd. and the Government of Guyana in the Omai Gold Mines Limited ("Omai") subsidiary and Cambiex's share in the Yaou-Dorlin Project.

8 – CAPITAL STOCK

Authorized

Unlimited number of shares

Voting common shares with a par value of Cdn $4;

Class I preferred shares, issuable in one or several series with rights, privileges, restrictions and conditions to be determined by the Board of Directors.

	1998		1997		1996	
	Number of common shares (000)	**Amount $**	Number of common shares (000)	Amount $	Number of common shares (000)	Amount $
Issued and fully paid						
Balance, beginning of year	**60,156**	**176,270**	60,138	176,216	52,040	152,609
Issued pursuant to public offerings	**10,200**	**28,120**	—	—	8,000	23,320
Issued in exchange for the acquisition of an investment in shares	**200**	**551**	—	—		
Issued following the exercise of share purchase options granted to key employees	**7**	**20**	18	54	98	287
	10,407	**28,691**	18	54	8,098	23,607
Balance, end of year	**70,563**	**204,961**	60,156	176,270	60,138	176,216

8 – CAPITAL STOCK (CONTINUED)

Issuance of shares

Common shares were issued for cash or shares and the difference between the amounts received and the par value of Cdn $4 per share was credited to consolidated contributed surplus.

On February 29, 1996, the Company issued 8,000,000 common shares at a price of Cdn $20.875 ($15.21) per share for net proceeds of Cdn $160,046,000 ($116,639,000) after underwriting fees and other expenses for an amount of Cdn $6,954,000 ($5,068,000).

On February 3, 1998, the Company issued 10,200,000 common shares at a price of Cdn $7.50 ($5.17) per share for net proceeds of Cdn $73,112,000 ($50,389,000) after underwriting fees and other expenses for an amount of Cdn $3,388,000 ($2,336,000). This public offering was used to pay the cash portion of the acquisition of the 50% interest in the Doyon mine not already owned by the Company.

Common share purchase options

Under the Stock Options Plan for common shares for key employees of the Company and its subsidiaries, options can may be granted to selected eligible employees. Options expire seven years after the date of granting. One half of the options may be exercised at the second anniversary date of the granting and the balance after three years. However, 100,000 options exercisable after one year were issued in 1996. Options were granted at an exercise price equal to the average quoted market price on the five days immediately preceding the date the options were granted.

As at December 31, 1998, the Company had authorized the issuance of 5,500,000 common shares under the Plan (2,450,790 in 1997 and 1996).

The following table sets out the activity in common share purchase options.

(In thousands)	**1998**	1997	1996
Outstanding at beginning of year	**1,985**	1,460	1,014
Granted	**1,102**	572	614
Exercised at a weighted average price of Cdn $9.50 in 1998, Cdn $15.69 in 1997 and Cdn $12.45 in 1996	**(7)**	(18)	(98)
Cancelled or expired	**(94)**	(29)	(70)
Outstanding at end of year	**2,986**	1,985	1,460
Weighted average exercise price (in Cdn dollars)	**14.53**	17.10	17.25
Options exercisable at end of year	**1,141**	673	209

Information relating to the stock options outstanding as at December 31, 1998 is as follows:

Exercise price (in Cdn dollars)	Outstanding options			Exercisable options	
	Number (in thousands)	Weighted average remaining contractual life	Weighted average exercisable price (in Cdn dollars)	Number (in thousands)	Weighted average exercisable price (in Cdn dollars)
$ 7.38 to $11.00	409	6.4 years	7.79	7	7.38
$11.01 to $16.00	1,284	5.0 years	13.18	592	15.22
$16.01 to $19.81	1,293	4.6 years	18.01	542	18.54
	2,986		14.53	1,141	16.75

Shareholder Protection Rights Plan

The Company has a Shareholder Protection Rights Plan that will expire on March 26, 2003 subject to confirmation by the shareholders at their annual general meeting in 2001. The primary objective of the Plan is to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made for the Company and to provide every shareholder with an equal opportunity to participate in such bid. The Plan encourages a potential acquirer to proceed either by way of a permitted bid, which requires the takeover bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board of Directors.

Since March 26, 1993, one right to purchase one common share was issued and attached to each common share outstanding and attaches to each common share subsequently issued. The issue of those rights is not initially dilutive. Upon a major transaction (flip-in event) occuring and the rights separating from the common shares, earnings per share on a fully diluted or undiluted basis may be affected. Holders of rights not exercising their rights upon the occurrence of a major transaction (flip-in event) may suffer substantial dilution.

9 – CUMULATIVE TRANSLATION ADJUSTMENT

Since January 1, 1996, this account reflects the difference in the net assets of Canadian mining activities valued at the US exchange rate in effect at the balance sheet dates comparatively with the US exchange rate in effect as at January 1, 1996 or at the acquisition dates.

The changes in this account are as follows:

	1998 $	1997 $	1996 $
Cumulative unrealized gain (loss), beginning of year	**(13,440)**	(874)	2,305
Write-off of cumulative translation adjustment as at December 31, 1995 after adoption of the US dollar as reporting currency	**—**	—	(2,305)
Unrealized loss for the year on translation of net assets	**(24,640)**	(12,566)	(874)
Cumulative unrealized loss, end of year	**(38,080)**	(13,440)	(874)

10 – INCOME TAXES AND MINING DUTIES

The provisions for income taxes and mining duties are as follows:

	1998 $	1997 $	1996 $
Income taxes			
Current			
Tax on large corporations in Canada	**877**	632	837
Foreign	**—**	4	9
Deferred			
Canada	**2,624**	2,398	1,386
Foreign	**1,781**	2,944	561
	5,282	5,978	2,793
Mining duties – Canada			
Current	**292**	336	228
Deferred	**(591)**	(196)	(251)
	(299)	140	(23)
	4,983	6,118	2,770

The provision for income taxes and mining duties differs from the amount that would have resulted by applying Canadian federal and provincial statutory income tax rates (38.3% in 1998 and 1997 and 38.0% in 1996) to earnings as described below:

	1998 $	1997 $	1996 $
Income taxes (Income tax benefit) at combined Canadian statutory rate (federal and provincial)	**(1,788)**	6,272	2,996
Increase (Decrease) resulting from:			
Resource allowance and earned depletion	**(2,839)**	(2,042)	(2,402)
Unrecognized tax benefit	**2,196**	—	—
Realization of unrecorded tax benefit	**(730)**	(2,185)	(1,595)
Losses of foreign subsidiaries whose tax benefit was not recognized	**7,502**	4,081	3,300
Earnings of foreign subsidiaries subject to different tax rates	**(829)**	(1,173)	(1,017)
Non-deductible items and other	**893**	393	674
	4,405	5,346	1,956
Tax on large corporations	**877**	632	837
Mining duties	**(299)**	140	(23)
	4,983	6,118	2,770

The source of timing differences and their income taxes and mining duties provision effect is as follows:

	1998 $	1997 $	1996 $
Depreciation, depletion and amortization	**5,916**	16,842	2,359
Deferred gain	**(1,746)**	(11,132)	—
Mine closure, reclamation and other provisions	**(1,106)**	(368)	(972)
Loss carry-over	**244**	—	—
Exchange loss	**506**	—	—
Other	**591**	—	560
Deferred income taxes	**4,405**	5,342	1,947
Deferred mining duties	**(591)**	(196)	(251)
	3,814	5,146	1,696

The Company has losses for tax purposes, a portion of which has not been recorded as a tax benefit in the consolidated financial statements. As at December 31, 1998, the Company's Canadian and foreign subsidiaries had prior years' non-capital losses available amounting to $6,000,000 and $115,000,000 respectively. These losses may be used in future years to offset income taxes payable that may be generated by the operations and are available for various periods of up to 20 years.

11 – COMMITMENTS AND CONTINGENCIES

Gold sales

In addition to the gold loans outlined in Note 6, the Company's gold production hedging program is as follows as at December 31, 1998:

(Sales volumes in thousands of ounces of gold and average prices in $/ounce)	1999	2000	2001	2002
Forward sales				
Spot deferred	5	—	—	—
Average price [i]	338	—	—	—
Sale/Purchase of options				
Call options sold	2,889	750	762	388
Average price [ii]	329	358	364	386
Put options purchased	628	168	—	—
Average price	330	314	—	—

[i] Spot deferred forward sales contracts have a delivery date that may be deferred and their value increases based on time and interest rates.

[ii] Options may be converted to spot deferred contracts. The option may expire prior to the intended delivery date. The Company allocates options to the period in which delivery is intended.

Base metals sales

There is a credit risk concentration with respect to sales of base metals as a large portion of such sales are made to one major company. The amount receivable from this company is included under Settlements receivable and totals $6,782,000 ($9,831,000 in 1997).

Foreign exchange contracts

The Company is committed through foreign exchange contracts to deliver US currency as follows:

	Amount ($)	Average exchange rate (in Cdn $)
Fixed		
1999	248,000	1.4437
2000	114,000	1.4830
	362,000	1.4561
Spot deferred[i]		
1999	103,903	1.4591
TOTAL	465,903	1.4567
Fair value (in thousands of US dollars)		432,403

[i] Spot deferred foreign exchange contracts have a delivery date that may be deferred and their value varies based on time and interest rates.

Risk of counterparties

Realization of the Company's hedging program is dependent upon the ability of the counterparties to respect the terms of the contracts and upon the maintenance of a liquid market. The Company limits its risk by diversifying its transactions with a certain number of major financial institutions that meet its credit quality standards.

Royalties

Production from some mining properties is subject to royalties based on various methods of calculation. The largest royalty payment is for 5% of the Omai mine's production.

In addition, in relation with the purchase of 50% interest in the Doyon mine, the Company allowed to the seller a right to share in the mine's future revenues equivalent to 24.75% of any excess of the average market price for a troy ounce over $375, multiplied by the number of ounces of gold produced by the Doyon mine during the year in question. This right relates to maximum cumulative production of 2,600,000 ounces of gold beginning on January 1, 1998, subject to a maximum cumulative payment to the seller of $30,000,000.

Pension plans

The Company contributes to defined contribution and defined benefit pension plans that are partially funded on the basis of actuarial valuations. These plans cover employees in Canada, the United States and Guyana and expatriate employees. The latest actuarial valuation was performed as at January 1, 1998. The financial position of the defined benefit pension plans as at December 31 is as follows:

	1998 **$**	1997 $
Present value of accrued pension benefits	**5,052**	4,511
Market value of available net assets and book value provision for benefit payout	**4,888**	4,412

The total pension expense, including the expense related to the defined contribution pension plans, amounted to $1,765,000 in 1998 ($1,531,000 in 1997 and $1,530,000 in 1996).

11 – COMMITMENTS AND CONTINGENCIES
(CONTINUED)

Claims

The Company and one of its subsidiaries are defendants in various civil proceedings in Guyana stemming from a tailings dam failure at the Omai mine, in Guyana in 1995. In most instances, the amount of damages sought yet to be specified by the plaintiffs. Insurance coverage remains available to both companies in relation to a substantial portion of these claims, and any additional amounts that would be payable by the Company or its subsidiary or both are not expected to be material.

In addition, the Company is subject to various claims, legal procedings and complaints arising in the normal course of business. The Company is also subject to new income tax and mining duty assessments for some years. The Company does not believe that unfavorable decisions in any pending procedures or the threat of procedures related to any future assessment or any amount it might be required to pay will have a negative impact on its future financial position or operating results.

Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. Nonetheless, in order to mitigate these risks, the Company has undertaken an assessment of the possible repercussions of the Year 2000 Issue and the development and implementation of an action plan. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

12 – JOINT VENTURES

The following accounts represent the Company's proportionate interest in the following joint ventures: Doyon Mine (50% in 1997 and 1996), Niobec Mine (50%), Sleeping Giant Mine (50%), Silidor Mine (45% in 1997 and 1996) and Pachon Project (50%).

	1998	1997	1996
	$	$	$
Current assets	**6,393**	9,218	9,413
Property, plant and equipment	**35,028**	95,776	89,774
Current liabilities	**(1,776)**	(5,669)	(6,129)
	39,645	99,325	93,058
Revenues	**29,161**	63,742	79,658
Expenses	**(19,334)**	(53,786)	(60,101)
Net earnings	**9,827**	9,956	19,557
Cash provided by (used in)			
Operating activities	**11,050**	17,279	31,188
Financing activities	**—**	—	—
Investment activities	**(4,591)**	(16,514)	(13,406)

13 – SEGMENTED INFORMATION

A) Essentially all of Cambior's operations are within the mining industry. On January 1, 1998, the Company adopted the presentation of its internal financial information according to the following sectors of activity: Canadian Shield (Canada) and the Guyana Shield (French Guiana, Guyana and Surinam). The other sectors group the Northern Cordillera (United States and Mexico), the Andes (Argentina, Chile, Ecuador and Peru) and the Corporate which includes all other activities. Each sector is managed by a different management team. Figures for 1997 and 1996 have been restated as appropriate.

In addition, as supplementary information, metal production is divided into two main categories: gold (including silver converted into a gold equivalent) and base metals (zinc, copper and ferroniobium). Where polymetallic mines are concerned revenues, mine operating costs and property, plant and equipment are calculated in proportion to NSR revenues.

13 – SEGMENTED INFORMATION (CONTINUED)

B) Segmented information by sector of activity is as follows:

	1998				1997				1996			
	Canadian Shield $	**Guyana Shield $**	**Other Sectors $**	**Total $**	Canadian Shield $	Guyana Shield $	Other Sectors $	Total $	Canadian Shield $	Guyana Shield $	Other Sectors $	Total $
Revenues												
Mining operations	**206,168**	**135,295**	**—**	**341,463**	173,141	145,039	1,039	319,219	199,055	107,136	439	306,630
Investments	**60**	**51**	**2,019**	**2,130**	72	48	5,027	5,147	1,520	63	4,911	6,494
	206,228	**135,346**	**2,019**	**343,593**	173,213	145,087	6,066	324,366	200,575	107,199	5,350	313,124
Expenses												
Mining operations and other	**154,660**	**84,502**	**7,805**	**246,967**	134,941	89,847	8,800	233,588	155,284	70,398	6,916	232,598
Depreciation, depletion and amortization	**33,036**	**29,663**	**492**	**63,191**	20,355	29,662	426	50,443	34,517	19,540	365	54,422
Exploration	**1,099**	**830**	**6,019**	**7,948**	1,186	798	10,848	12,832	1,607	148	8,036	9,791
Gain on disposal of an exploration property	**(4,232)**	**—**	**—**	**(4,232)**	—	—	—	—	—	—	—	—
Financial expenses	**—**	**12,849**	**(2,953)**	**9,896**	197	15,601	(4,683)	11,115	782	13,130	(5,481)	8,431
Write-down of mining assets(i)	**2,672**	**1,799**	**20,024**	**24,495**	—	—	—	—	—	—	—	—
Income taxes and mining duties	**3,959**	**1,781**	**(757)**	**4,983**	2,532	2,943	643	6,118	1,952	561	257	2,770
Minority interests	**—**	**1,801**	**—**	**1,801**	—	3,200	—	3,200	—	486	—	486
	191,194	**133,225**	**30,630**	**355,049**	159,211	142,051	16,034	317,296	194,142	104,263	10,093	308,498
Net earnings (loss)	**15,034**	**2,121**	**(28,611)**	**(11,456)**	14,002	3,036	(9,968)	7,070	6,433	2,936	(4,743)	4,626
Non-cash items												
Depreciation, depletion and amortization	**33,036**	**29,663**	**492**	**63,191**	20,355	29,662	426	50,443	34,517	19,540	365	54,422
Write-down of mining assets	**2,672**	**1,544**	**19,779**	**23,995**	—	—	—	—	—	—	—	—
Income tax benefit, deferred income taxes and deferred mining duties	**3,583**	**1,781**	**(1,500)**	**3,864**	2,368	2,943	(87)	5,224	1,711	561	(576)	1,696
Minority interests	**—**	**1,801**	**—**	**1,801**	—	3,200	—	3,200	—	486	—	486
Other	**2,035**	**225**	**528**	**2,788**	1,423	—	968	2,391	2,177	—	(61)	2,116
Cash flow from (used in) operations	**56,360**	**37,135**	**(9,312)**	**84,183**	38,148	38,841	(8,661)	68,328	44,838	23,523	(5,015)	63,346
Cash used in investment activities(ii)	**139,551**	**24,235**	**24,349**	**188,135**	34,596	23,388	43,627	101,611	39,785	39,028	35,590	114,403
Property, plant and equipment(iii)	**348,542**	**215,861**	**162,524**	**726,927**	267,473	224,377	155,824	647,674	265,815	230,823	117,388	614,026
Total assets(iv)	**369,926**	**243,201**	**195,761**	**808,888**	293,897	251,968	218,927	764,792	294,132	265,069	243,210	802,411

	1998 $	1997 $	1996 $
(i) Write-down of mining assets for the other sectors			
Northern Cordillera	**13,914**	—	—
Corporate	**6,110**	—	—
	20,024	—	—
(ii) Cash used in investment activities for the other sectors			
Northern Cordillera	**12,958**	16,301	11,723
Andes	**6,746**	21,312	20,983
Corporate	**4,645**	6,014	2,884
	24,349	43,627	35,590

	1998 $	1997 $	1996 $
(iii) Property, plant and equipment for the other sectors			
Northern Cordillera	**75,731**	76,563	61,734
Andes	**81,966**	75,219	53,885
Corporate	**4,827**	4,042	1,769
	162,524	155,824	117,388
(iv) Total assets for the other sectors			
Northern Cordillera	**81,902**	106,594	105,329
Andes	**82,043**	75,248	55,146
Corporate	**31,816**	37,085	82,735
	195,761	218,927	243,210

13 – SEGMENTED INFORMATION (CONTINUED)

C) Supplementary information by metal category is as follows:

	1998			1997			1996		
	Gold	**Base Metals**	**Total**	Gold	Base Metals	Total	Gold	Base Metals	Total
	$	**$**	**$**	$	$	$	$	$	$
Gross revenues	**250,942**	**92,651**	**343,593**	227,039	97,327	324,366	218,020	95,104	313,124
Less: smelting, refining and transportation	**2,226**	**43,466**	**45,692**	2,371	46,230	48,601	2,340	46,873	49,213
Net revenues	**248,716**	**49,185**	**297,901**	224,668	51,097	275,765	215,680	48,231	263,911
(%)	**83**	**17**	**100**	81	19	100	82	18	100
Mining operations	**151,852**	**35,836**	**187,688**	137,329	32,640	169,969	134,289	37,642	171,931
Mine cash flow	**96,864**	**13,349**	**110,213**	87,339	18,457	105,796	81,391	10,589	91,980
Other expenses net of non-cash items	**23,506**	**2,524**	**26,030**	34,044	3,424	37,468	25,127	3,507	28,634
Cash flow from operations	**73,358**	**10,825**	**84,183**	53,295	15,033	68,328	56,264	7,082	63,346
Per share ($)	**1.05**	**0.16**	**1.21**	0.89	0.25	1.14	0.96	0.12	1.08
(%)	**87**	**13**	**100**	78	22	100	89	11	100
Property, plant and equipment									
Productive assets and others	**393,424**	**146,858**	**540,282**	310,122	158,880	469,002	324,867	155,181	480,048
Projects	**52,056**	**134,589**	**186,645**	47,356	131,316	178,672	33,025	100,953	133,978
	445,480	**281,447**	**726,927**	357,478	290,196	647,674	357,892	256,134	614,026
(%)	**61**	**39**	**100**	55	45	100	58	42	100

14 – GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada, which differ in certain material respects from those principles that the Company would have followed, had its consolidated financial statements been prepared in accordance with GAAP in the United States. The major adjustments to comply with GAAP in the United States would be as follows:

A. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of earnings

	1998	1997	1996
	$	$	$
Net earnings (loss) as per GAAP in Canada	**(11,456)**	7,070	4,626
Write-down of the carrying amount of an asset arising from an acquisition[a] 33	**(7,075)**	—	—
Variation in the determination of income taxes for the year [a)(b)] 110	**1,605** 5730(8) 2335(110)	(2,185)	(849)
Unrealized gains (losses) on forward exchange contracts[c] 10	**(29,914)**	(11,916)	8,330
Net earnings (loss) as per GAAP in the United States	**(46,840)**	(7,031)	12,107
Earnings (loss) per share as per GAAP in the United States[d]	**(0.67)**	(0.12)	0.21

The result from the computation of the fully diluted earnings (loss) per share is the same as that of the earnings (loss) per share.

14 – GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES (CONTINUED)

A. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated balance sheets [(g)]

		December 31, 1998 $	December 31, 1997 $
Long-term investments [(e)]		**25,499**	25,012
Property, plant and equipment [(a)(e)]		**699,698**	628,058
Income tax benefit [(b)]		**2,215**	6,258
Accounts payable and accrued liabilities		**69,053**	39,932
Deferred income taxes and deferred mining duties [(b)]		**8,440**	—
Capital stock [(f)]	(13,170)	**191,791**	164,548
Contributed surplus	11,656	**373,168**	347,539
Retained earnings [(f)]	(15,380)	**5,732**	56,092
Changes in market value of investments		**(8)**	(347)
Cumulative translation adjustment	(19,513)	**(57,593)**	(32,953)

513090

[(a)] *Write-down of carrying amount*

In the distribution of the purchase price of the balance of the Doyon mine, the Company has included a write-down of the book value of the Vézina mill after the planned transfer of the milling of Mouska mine production to the Doyon mill to improve the efficiency of the operation.

Under GAAP in the United States, the write-down of assets of the purchaser following a purchase must be included in earnings for the year.

[(b)] *Deferred income taxes and deferred mining duties*

Under GAAP in the United States, deferred tax assets and liabilities are recognized based on differences between the financial statement carrying amounts of the assets and liabilities and their respective tax basis using tax rates in effect. The 1998 amount also includes income taxes on the write-down.

[(c)] *Gains (Losses) on forward exchange contracts*

Gains and losses arising on forward exchange contracts are included in earnings only at maturity. Under GAAP in the United States, unrealized gains and losses must be included, except in some cases, in earnings as recognized. During the year, the Company restated retroactively the numbers to comply with the standards.

US 513 090
CAN <549 535>
<36 445>
8 1 803
33 <7 075>
110 2 335
17 <21 911>
62 <3 594>

[(d)] *Earnings per share*

During 1997, the method of computing net earnings per share according to GAAP in the United States was changed to now be closer to GAAP in Canada. Diluted earnings per share is calculated based on the assumption that proceeds from exercising options and warrants were used at the beginning of the year to acquire common shares of the Company at the average market price.

Under GAAP in Canada, earnings per share are calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share assumes that the outstanding warrants at the end of the year had been exercised at the beginning of the year.

[(e)] *Incorporated joint ventures*

The Company's investment in Pachon S.A. Minera has been proportionately consolidated for under GAAP in Canada. Incorporated joint ventures must be accounted for by the equity method under GAAP in the United States.

[(f)] *Share issue expenses*

Share issue expenses are shown as a reduction from retained earnings as provided under GAAP in Canada. Under GAAP in the United States, these expenses must be shown as a reduction from capital stock.

[(g)] *Change of reporting currency*

The Company adopted the US dollar as its reporting currency effective January 1, 1996. Under GAAP in the United States, prior years' financial statements must be translated by the current rate method using the year-end rate or the rate in effect at the transaction dates, as appropriate. This translation approach has been applied retroactively for 1986 to 1995 and the resulting changes affect all items on the consolidated balance sheets.

[(h)] *Consolidated statement of changes in cash resources*

The Company's consolidated statement of changes in cash resources includes assets acquired in exchange for shares. Under GAAP in the United States these assets would be excluded from business acquisition costs and the capital stock would be reduced accordingly. These elements should therefore be reduced by an amount of $551,000 in 1998.

Other information required under GAAP in the United States:

	1998 $	1997 $	1996 $
Interest paid	**7,986**	9,380	5,804
Income taxes paid	**658**	689	858

14 – GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES (CONTINUED)

B. CONSOLIDATED COMPREHENSIVE INCOME

The statement of consolidated comprehensive income is as follows:

	1998 $	1997 $	1996 $
Net earnings (loss) as per GAAP in the United States	**(46,840)**	(7,031)	12,107
Other comprehensive income			
Cumulative translation adjustment	**(24,640)**	(12,566)	(874)
Unrealized gain (loss) on investments	**339**	(559)	479
Consolidated comprehensive income	**(71,141)**	(20,156)	11,712

Changes in items of the other comprehensive income are as follows:

	Balance at beginning $	Changes during year $	Balance at end $
1998			
Cumulative translation adjustment	(32,953)	(24,640)	(57,593)
Unrealized gain (loss) on investments	(347)	339	(8)
Other cumulative comprehensive income	(33,300)	(24,301)	(57,601)
1997			
Cumulative translation adjustment	(20,387)	(12,566)	(32,953)
Unrealized gain (loss) on investments	212	(559)	(347)
Other cumulative comprehensive income	(20,175)	(13,125)	(33,300)
1996			
Cumulative translation adjustment	(19,513)	(874)	(20,387)
Unrealized gain (loss) on investments	(267)	479	212
Other cumulative comprehensive income	(19,780)	(395)	(20,175)

No income taxes are applicable to items constituting other comprehensive income.

C. ACCOUNTING FOR COMPENSATION PROGRAMS

The Company has chosen to continue to measure compensation costs related to awards of stock options using the intrinsic value based method of accounting. Under GAAP in the United States, the Company is also required to make pro forma disclosures of net earnings, earnings per share and diluted earnings per share as if the fair value based method of accounting had been applied. The fair value of options granted was estimated using the Black-Scholes option-pricing model, taking into account an expected life of 5 years, a semi-annual risk-free interest rate of 5.22% in 1998 (6.06% in 1997 and 7.23% in 1996) and a volatility of 43% in 1998 (35% in 1997 and 30% in 1996). A compensation charge is charged off on the vested period.

Accordingly, the Company's net earnings, earnings per share and diluted earnings per share for the year ended December 31, 1998 would have been increased, on a pro forma basis, by $2,809,000, $0.04 and $0.04 respectively (net earnings, earnings per share and diluted earnings per share for the year ended December 31, 1997 would have been reduced by $2,997,000, $0.05 and $0.05 respectively, and the net earnings, earnings per share and diluted earnings per share for the year ended December 31, 1996 would have been reduced by $2,067,000, $0.03 and $0.03 respectively). The pro forma effect on net income for 1996, 1997 and 1998 is not necessarily representative of the pro forma effect on net income in future years because it does not take into consideration pro forma salary expenses related to options granted prior to January 1, 1995.

The weighted average fair value of options granted in 1998 was $2.92 ($4.43 in 1997 and $5.14 in 1996).

D. US STANDARD APPLICABLE TO THE 2000 FINANCIAL YEAR

The Financial Accounting Standards Board has issued SFAS #133 dealing with hedging instruments.

This standard should be adopted for fiscal years commencing after June 15, 1999. The Company has not yet determined the potential impact of these statements.

DIRECTORS

BOARD COMMITTEES

Executive Committee
The Executive Committee may exercise all the powers of the Board of Directors, except as otherwise provided by law or by the Board of Directors. In practice, however, the committee acts only with respect to matters specifically delegated to it by the Board of Directors.

Guy G. Dufresne (Chairman)
Alexander G. Balogh
Louis P. Gignac
Alan Z. Golden
Yves Harvey
Gilles Mercure

Audit Committee
The Audit Committee is responsible for: reviewing and assessing all aspects of financial communication and internal controls of Cambior Inc.; recommending actions to the Board pertaining to these two areas of involvement; and overseeing the application and management of corporate policies and procedures adopted by the regulatory authorities and the Board concerning financial information and internal controls.

Gilles Mercure (Chairman)
Michel Desbiens
Guy G. Dufresne
Graham Farquharson
Michel Gaucher

Corporate Governance and Human Resources Committee
The Corporate Governance and Human Resources Committee is responsible for: reviewing and assessing all aspects of corporate governance and human resources of Cambior Inc.; recommending actions to the Board pertaining to these two areas of involvement; and overseeing the application and management of corporate policies and procedures adopted by the regulatory authorities and the Board concerning corporate governance and human resources.

Alan Z. Golden (Chairman)
Claude Arcand
Alexander G. Balogh
Guy G. Dufresne
Graham Farquharson
Gordon Ritchie

Environment, Occupational Health and Safety Committee
The Environment, Occupational Health and Safety Committee is responsible for: reviewing and assessing all aspects of environmental and occupational health, safety and training matters of Cambior Inc.; recommending actions to the Board pertaining to these two areas of involvement; and overseeing the application and management of corporate policies and procedures adopted by the regulatory authorities and the Board concerning environmental and occupational health, safety and training matters.

Yves Harvey (Chairman)
Claude Arcand
Michel Desbiens
Louis P. Gignac
Alan Z. Golden

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Partner, Goodman Phillips
& Vineberg

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The Montreal Exchange (ME)
American Stock Exchange (AMEX)

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Price Waterhouse (International Subsidiaries)

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The Bank of Nova Scotia

Participants
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National Bank of Canada
ABN AMRO Bank
Citibank
Credit Suisse First Boston
Deutsche Bank
Royal Bank
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Internet:
www.cambior.com

E-mail:
info@cambior.com

The Annual General Meeting of Shareholders will be held on Wednesday, May 12, 1999, at 11:00 am at the Queen Elizabeth Hotel in Montréal, Québec.

A copy of the annual information form is available to shareholders, free of charge, upon written request addressed to the Investor Relations Department at the Montréal office.

Un exemplaire français du présent rapport annuel est disponible sur demande. Il suffit de s'adresser au service des Relations avec les investisseurs au bureau de Montréal.

Annual reports are available from:

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